

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In the Matter of : DOCKET NO. 991643-SU
:
APPLICATION FOR INCREASE IN :
WASTEWATER RATES IN SEVEN :
SPRINGS SYSTEM IN PASCO :
COUNTY BY ALOHA UTILITIES, :
INC. :

*
* ELECTRONIC VERSIONS OF THIS TRANSCRIPT *
* ARE A CONVENIENCE COPY ONLY AND ARE NOT *
* THE OFFICIAL TRANSCRIPT OF THE HEARING *
* AND DO NOT INCLUDE PREFILED TESTIMONY. *
*

VOLUME 1
Pages 1 through 113



PROCEEDINGS: HEARING

BEFORE: COMMISSIONER E. LEON JACOBS, JR.
COMMISSIONER LILA A. JABER
COMMISSIONER BRAULIO L. BAEZ

DATE: Monday, October 2, 2000

TIME: Commenced at 10:00 a.m.
Concluded at 1:15 p.m.

PLACE: Spartan Manor
6121 Massachusetts Avenue
New Port Richey, Florida

REPORTED BY: KORETTA E. STANFORD, RPR
TRICIA DeMARTE
Official FPSC Reporters

FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER-DATE
13133 OCT 17 8
FPSC-RECORDS/REPORTING

1 APPEARANCES:

2 MARSHALL F. DETERDING and JOHN L. WHARTON,
3 Rose, Sundstrom & Bentley, 2548 Blairstone Pines
4 Drive, Tallahassee, Florida 32301, appearing on
5 behalf of Aloha Utilities, Inc.

6 JACK SHREVE and STEPHEN C. BURGESS, Office
7 of Public Counsel, 111 West Madison Street, Room
8 812, Tallahassee, Florida 32399-1400, appearing on
9 behalf of the Citizens of the State of Florida.

10 RALPH R. JAEGER and JASON FUDGE, FPSC
11 Division of Legal Services, 2540 Shumard Oak
12 Boulevard, Tallahassee, Florida 32399-0850,
13 appearing on behalf of the Commission Staff.

14

15

16

17

18

19

20

21

22

23

24

25

I N D E X

WITNESSES

3	NAME:	PAGE NO.
4	MIKE FASANO	
5	Direct Statement	20
6	Cross Examination by Mr. Wharton	33
7	RAYMOND HARTINGER	
8	Direct Statement	38
9	HARRY HAWCROFT	
10	Direct Statement	40
11	Cross Examination by Mr. Wharton	44
12	JAMES IRWIN	
13	Direct Statement	45
14	GEORGE VILK	
15	Direct Statement	48
16	RUDY VALENTIC	
17	Direct Statement	50
18	Cross Examination by Mr. Wharton	51
19	Further Cross Examination by	
20	Mr. Wharton	52

1	Index of Witnesses Continued:	
2	NAME:	PAGE NO.
3	ORVILLE LaMAIRE	
4	Direct Statement	53
5	Cross Examination by Mr. Wharton	56
6	GEORGE PORTER	
7	Direct Statement	60
8	Cross Examination by Mr. Wharton	62
9	Cross Examination by Mr. Jaeger	63
10	GARY WILLNER	
11	Direct Statement	64
12	GARY REETHOF	
13	Direct Statement	67
14	Cross Examination by Mr. Wharton	69
15	ERNEST LANE	
16	Direct Statement	72
17	Cross Examination by Mr. Wharton	76
18	LINWOOD OBERG	
19	Direct Statement	78
20	DEBRA WALKER	
21	Direct Statement	79
22	ROBERT LENAHAN	
23	Direct Statement	81
24	EDWARD WOOD	
25	Direct Statement	83
	Cross Examination by Mr. Wharton	94

1 Index of Witnesses Continued:

2 NAME: PAGE NO.

3

4 JIM SCHERMERHORN

5 Direct Statement 97

6 CHARLES RIFKIN

7 Direct Statement 98

8

9

10

11

12 EXHIBITS

13 NUMBER: ID. ADMTD.

14 1 Letter from Aloha to LaMaire 59

15

16

17

18

19

20 CERTIFICATE OF REPORTER 113

21

22

23

24

25

P R O C E E D I N G S

1
2 COMMISSIONER JACOBS: Good morning. We'd like
3 to go ahead and get started. Counsel, would you read the
4 notice.

5 MR. JAEGER: Yes, Commissioner Jacobs. Pursuant
6 to notice issued September 12th, 2000, this time and place
7 was set aside for a formal hearing in Docket Number
8 991643-SU, application for increase in wastewater rates in
9 the Seven Springs Division by Aloha Utilities, Inc., in
10 Pasco County. 10:00 a.m. and 6:00 p.m. have been set
11 aside as the beginning times for the two customer
12 testimony sessions.

13 COMMISSIONER JACOBS: Let's take appearances.

14 MR. WHARTON: John Wharton and Marty Deterding
15 for Aloha Utilities.

16 MR. SHREVE: Jack Shreve and Steve Burgess
17 representing the Citizens, Office of Public Counsel.

18 MR. JAEGER: Ralph Jaeger and Jason Fudge,
19 appearing on behalf of Commission Staff.

20 COMMISSIONER JACOBS: Well, let me take a
21 moment, first of all, to welcome you to our process this
22 morning. My name is Commissioner Leon Jacobs, and I will
23 be acting as the Presiding Officer for the course of our
24 proceedings in the next day or so. As you know, this is a
25 matter of dealing with the application for a rate increase

1 for the wastewater rates in the Seven Springs System in
2 Pasco County, and that's by the Aloha Utilities System.

3 Let me introduce, first, for you my colleagues
4 who are here with me. To my right, our newest member of
5 the Public Service Commission, Commissioner Braulio Baez.
6 And to my left, one who has a lot of experience in water
7 and wastewater issues, Commissioner Lila Jaber. We will
8 be the panel that will take evidence in this hearing
9 today, and as you heard, this process is to receive your
10 input on your views about the services, wastewater
11 services, of Aloha Utilities.

12 We are particularly interested in your comments
13 about the quality of the wastewater service rendered by
14 this utility. Your comments today will be recorded by an
15 official court reporter, as you see over here. So we
16 would really request that when you come up, that you would
17 give us your name and, if you'd like, you can give us your
18 address. And we'd also ask for you to speak very clearly
19 and as slowly as you can. We know that you have very
20 important issues that you want to convey to us, and we
21 want to hear that, but it makes the best use of our time
22 to make sure we get that recorded as well.

23 We can only have one witness speak at a time, so
24 while someone is speaking at the podium, we would ask that
25 comments be not given from the audience. We know that

1 that's hard sometimes to adhere to, but again, it helps us
2 to keep an accurate record of our proceedings today.

3 Now, your comments will be used by the
4 Commission along with other evidence that we'll gather,
5 and after we take the public hearing, we're going to have
6 what's called a technical hearing later on during the day
7 where we actually take physical and other kinds of
8 evidence from the experts and from the parties, and that
9 will all go into an official record. And again, we will
10 be using that to make a decision regarding the requested
11 rate increase that the company has posed.

12 Now, to give you some background about how our
13 process works. First, the company presents a request to
14 the Commission for a rate increase, and that generally
15 becomes about because they recognize that the rates that
16 they are now charging are not sufficient to cover expenses
17 and yield a return. That process -- and then we take that
18 in and we review that. The whole process takes about
19 eight months from start to finish. The official
20 beginning, of course, is the filing by the company of its
21 petition. That's a legal document, and it is a matter by
22 which the company must then come forward and prove up the
23 assertions that are made in their petition. They must
24 then render official evidence to prove up those
25 assertions. So just because they have filed a petition

1 doesn't mean that automatically what's requested will be
2 granted.

3 Now, during the pendency of the proceeding, the
4 parties who have intervened -- and in this case, the
5 Office of Public Counsel is the intervenor. You will hear
6 more from them -- they may solicit further information
7 from the company through interrogatories and other types
8 of requests. And some of that is going on already. So
9 what is happening is that in an effort to further
10 scrutinize the filing by the company, then the Public
11 Counsel and even our Staff has gone and scrubbed through
12 those numbers and asked for further clarification from the
13 company, and so that process is ongoing even though you
14 don't see it here today. A lot of paperwork has exchanged
15 hands and will continue to exchange hands as we go on.

16 Intervenors in this process may also put forward
17 witnesses who would counter or refute certain evidence as
18 put forward by the company. And, in fact, in this case
19 Public Counsel has a witness that will be presented. Now,
20 we're required to hold these hearings in public, and so
21 just as you are here this morning for the public input
22 session, you are welcome to attend the technical hearing
23 session but understand that that portion is for us to hear
24 from the witnesses at that point.

25 Now, some of the hearings, such as this one, are

1 specifically designed to gather the quality of service
2 information while the technical information, as I
3 indicated, will be specifically the focus of our
4 proceedings later.

5 Now, after all of these hearings are conducted,
6 then we will -- our Staff will take everything that's then
7 been collected in terms of data and evidence and your
8 input, and they will go and analyze that, contrast it to
9 what the law requires and what the facts indicate, and
10 they will then present an official analysis, what we call
11 a recommendation, to this panel for further review and
12 final decision. And that will happen sometime in the
13 future, and I'm not exactly sure of the date, but that
14 will happen sometime in the future, probably in our
15 Tallahassee offices.

16 Now, we will make sure that you have information
17 about how to be noticed for that occasion and how to -- if
18 you can't come to Tallahassee, how you can gain access to
19 monitor that process, but that decision will come later,
20 and we will not make a final decision over the course of
21 this next day or so.

22 Now, the company -- for your information, this
23 is just by way of background information. In their
24 request, the company requested approximately a 57 percent
25 increase in their rates. For the interim, they requested

1 approximately a one and a half -- I'm sorry, a 2 percent
2 increase in their rates. Now, what has happened thus far
3 is that we have taken in that petition, as I indicated,
4 and they have gotten a portion of the interim rates that
5 they were denied.

6 MR. JAEGER: We denied them.

7 COMMISSIONER JACOBS: I'm sorry, we denied any
8 interim increase. And so now, we are going to make a
9 decision to the final amounts that might be allowed to
10 increasing their rates. And, again, as I indicated, all
11 that has to be subject to the record that we create here
12 today.

13 Now, it's sometimes challenging for us to convey
14 to you but we need to make sure you understand that we do
15 not have absolute discretion as to whether or not the
16 company gets to have an increase. As a matter of law, the
17 company can come in and ask for an increase when the rate
18 of return that they have been approved for is not being
19 met. Now, it is not a guarantee that they should get
20 that, but they should have a fair opportunity. And so
21 when we look at the evidence, that is what our standard
22 is, to make sure that the company is given a fair
23 opportunity to achieve the rate of return that they have
24 been authorized for.

25 During all the public hearings, the company is

1 being represented by their counsel here, and they may --
2 when you come up to testify, they have the right, and they
3 probably will take advantage of the right, to ask you
4 questions about your experience. That's absolutely okay,
5 and that's authorized in our process. And if you -- feel
6 free to answer those questions to the best of your
7 knowledge and awareness.

8 As I indicated that the Public Counsel here will
9 then -- will be the person that you have a lot of contact
10 with if you haven't already. I'm sure Mr. Shreve has been
11 very much in contact you. He will be coordinating calling
12 up the witnesses from the public today, and he will give
13 you -- and he may want to give a further background of his
14 purpose and his role in this process when I'm completed.

15 Commission Staff is sort of a special
16 participant in this whole arena. If you would -- in a
17 normal court proceeding, you would have a judge, and
18 that's sort of who we are, this panel. But a judge has to
19 have an assistant to help him go through and understand
20 what the present state of the law is and how to cull out
21 all of the facts. That's the role that the Commission
22 Staff plays. So they are very active and involved, but
23 they are not necessarily going to be interested in
24 pursuing your testimony. So the fact that they don't ask
25 you questions has nothing to do with their level of

1 interest in this case. They are very interested, and I
2 have indicated earlier, they have been very involved with
3 this case.

4 And if I will for right now, I may just want to
5 introduce you to some of the Staff members who are here.
6 Let me -- I'm going to go by names that I have here so I
7 make sure I get them all. We have Connie Kummer; if she's
8 here, rise her hands. Jennie Lingo is in the back. We
9 have Bart Fletcher; we have Bob Crouch; we have
10 Mike Wetherington. We have Denise Vandiver. Is she here?

11 MR. JAEGER: She's on her way down,
12 Commissioner. She should be here about noon.

13 COMMISSIONER JACOBS: Okay. We have
14 Tricia DeMarte --

15 MR. JAEGER: She's the court reporter.

16 COMMISSIONER JACOBS: -- over there. And
17 Koretta Stanford is the other court reporter. She must
18 have stepped out. We have -- and I see some faces for
19 names I don't have here, so I'm going to have to really be
20 careful when I wing it here. You've got to help me with
21 the names.

22 MR. JAEGER: Jason Fudge is to my right, and I'm
23 Ralph Jaeger with Staff Counsel.

24 COMMISSIONER JACOBS: And Tricia Merchant is in
25 the back.

1 MR. JAEGER: The others, some of them are
2 testifying, and so we don't usually introduce the
3 testifying Staff, Commissioner.

4 COMMISSIONER JACOBS: Okay. Very well. Now, I
5 want to -- and a very important person who is outside --
6 I'm glad she stuck her head in the door so I remember
7 her -- who signed you up for testimony is Thelma Crump,
8 and she handles all of the communications affairs with us.

9 Before we get started and before I allow
10 Mr. Shreve to address you, I know most of you are probably
11 aware and we have become very intimately aware of your
12 experiences here in this community with your water
13 concerns, and if you remember in March and April of this
14 year, we conducted hearings on the quality of service
15 provided by Aloha to its water customers.

16 Now, today's proceedings have to do with the
17 wastewater system that is in Seven Springs. And we --
18 while we are very much interested in your thoughts and
19 concerns about that, the water system, in order to achieve
20 our purpose today, which is to get the evidence and the
21 information we need to address the request from the
22 wastewater system, we need to make the best use of our
23 time to get your comments about the quality of service of
24 wastewater.

25 Now, that is not to say that we are no longer

1 interested in the issues regarding the water system, quite
2 to the contrary. Under Commissioner Jaber's leadership
3 and very actively involving our Staff, there has been a
4 process that has been instigated -- initiated or
5 instigated to address many of the concerns that were
6 raised with us. And we're not prepared today to give you
7 a full report of that, but I'd ask that we would have a
8 summary of those processes and that, if I'm not mistaken,
9 is available for you at the end of the meeting today. We
10 wanted you to understand that we have been actively
11 involved in this process. What has happened -- and what
12 I'd like to do is ask Commissioner Jaber to give a brief
13 summary of what's happened with the interagency group.

14 COMMISSIONER JABER: Good morning. At the
15 conclusion of the last hearing, it became apparent to us
16 that the solution once and for all to the black water
17 problem, as it has been dubbed, was something that we
18 needed to take a leadership role on even though we are not
19 the agency of primacy as it relates to quality of water.
20 It's, in fact, DEP, but we have worked very closely with
21 DEP to form a group of agencies that are looking for
22 solutions to the problem statewide, not just for this
23 service territory.

24 So we immediately began the process of
25 organizing those groups, and they have had, if I'm not

1 mistaken, three meetings already. We expect -- and those
2 groups, by the way, also include members from the building
3 code community. We have a website with respect to the
4 meetings that I want to go ahead and announce to you.

5 It's www.floridapsc.com. And if you go to that website,
6 you will have minutes of the meetings, members of the work
7 groups, and you can stay abreast of all of the discussions
8 that the work groups have had.

9 We have asked the work groups to come to us with
10 a final recommendation in December. And I want to take
11 this opportunity to commend Representative Fasano and the
12 Office of Public Counsel. You need to know that they have
13 really gone way out of their way to educate us and to work
14 with us on these efforts. So I do want to take a moment
15 to recognize those individuals, Mr. Shreve and
16 Representative Fasano, and we look forward to working with
17 them in the future. And we should have a recommendation
18 from these groups around December, and I do emphasize that
19 it is not just looking at the Aloha situation, but, in
20 fact, there are other pockets of Florida that have black
21 water problems.

22 COMMISSIONER JACOBS: Very good. Thank you.
23 Now, I am absolutely aware that our working on a problem
24 does not absolutely address your concerns, but I would
25 ask, for today's purposes, if you would help us to be

1 concise in our ability to do our job today and limit your
2 comments to the wastewater issues. If you would like to
3 get more information, feel free to contact us at a break,
4 and we'll make sure if you didn't get the information that
5 was just conveyed -- as I said, we have a summary fact
6 sheet for you, and as Commissioner Jaber indicated,
7 there's information available on Commission's website.

8 We will want to hear from you. Again, I would
9 like for you to do it during the break if you have further
10 questions. And, of course, you always have the
11 opportunity to call us, get on our website, and ask for
12 information that way. And having said that, I would then
13 say to you that during today's processes, we will be
14 looking very clearly to hold our comments to the
15 wastewater process. If you would help us in that, I would
16 very much appreciate that.

17 Now, as a matter of process, what I'd like to do
18 now is swear in all of those who are intending to testify
19 before us today. And, if you would, stand and raise your
20 right hand, we will do the oath. After I'm done, you can
21 just give your "I do."

22 (Witnesses collectively sworn.)

23 COMMISSIONER JACOBS: Thank you. You are sworn.
24 Now, if you come up and someone has given pretty much the
25 gist of your comments, feel very free to simply say you

1 can adopt their comments, but, of course, if you have more
2 that you'd like to expand on, feel free to do that as
3 well. And with that, I don't have any other matters
4 before us. Counsel, anything else?

5 MR. JAEGER: Commissioner, one preliminary
6 matter. There are no pending motions that I know of at
7 this time, but we have a stipulation -- well, we have 14
8 stipulations in the prehearing order, and one of them
9 dealt with excusing David MacColeman.

10 This first one says, "Prefiled testimony shall
11 be inserted into the record as though read, and he will be
12 excused from attending the hearing and being subject to
13 cross-examination." And I wanted to at least get that out
14 of the way, so on a break, I can tell Mr. MacColeman
15 whether he needs to be here or not, or whether he is
16 excused. You all have to approve that. Although the
17 parties have agreed that he doesn't have to be here, you
18 still have to approve that.

19 COMMISSIONER JACOBS: As to all the other
20 preliminary matters, we will hold those, but as to -- if
21 I'm hearing the parties are in agreement, it's fine with
22 me if the stipulation is complete, he can be excused.

23 MR. JAEGER: Okay. I'll call him on the break
24 and tell him he need not be on the hook anymore.

25 COMMISSIONER JACOBS: Okay. Any preliminary

1 comments from the parties? Mr. Shreve, did you want to
2 give any comments before me start?

3 MR. SHREVE: Thank you, Mr. Chairman. I'm
4 Jack Shreve, Public Counsel. This is Steve Burgess,
5 Deputy Public Counsel. We are representing the customers
6 in opposition to the rate increase. With that, we will
7 move on into the customer testimony if you are ready,
8 Mr. Chairman.

9 COMMISSIONER JACOBS: Go ahead, Mr. Shreve.
10 Call your first witness.

11 MR. SHREVE: Representative Fasano.

12 If I may, before Representative Fasano gets
13 started, I'd like to thank you on behalf of the Public
14 Counsel's Office as well as on behalf of the customers for
15 all the interest and time you have spent in helping us
16 pursue the representation of the customers in this area.
17 Thank you very much.

18 MR. FASANO: Thank you very much, Mr. Shreve. I
19 appreciate that.

20 COMMISSIONER JACOBS: Welcome,
21 Representative Fasano.

22

23

24

25

1 MIKE FASANO

2 was called as a witness on behalf of the Citizens of the
3 State of Florida and, having been duly sworn, testified as
4 follows:

5 DIRECT STATEMENT

6 MR. FASANO: Good morning. Thank you very much.
7 And first, for the record, my name is Mike Fasano. I live
8 at 4705 Timberon (phonetic) Drive in New Port Richey. I
9 have been a customer of Aloha Utilities since 1993. And,
10 Commissioners, I want to thank you and your Staff for
11 taking the time to visit Pasco County once again to hear
12 firsthand how upsetting it is to be a customer of Aloha
13 Utilities.

14 I appreciate your willingness to travel to Pasco
15 County to listen to the people who will most be affected
16 by the decisions that will be made here. To the new
17 members of the Commission who will be deliberating on this
18 important issue today, I offer my congratulations for your
19 new responsibilities, and I have no doubt that you will
20 serve the people of this State well.

21 In saying that, I realize that you want to
22 contain the testimony to wastewater, and I think,
23 Commissioners, especially to the two new Commissioners who
24 probably have not heard, especially the one who has not
25 heard all of the testimony, there's a story here to be

1 told, a story about Aloha Utilities and about the
2 customers in the Aloha Utilities servicing area,
3 specifically the Seven Springs area.

4 Although I'm a customer of Aloha Utilities, I'm
5 also in the unique position, Commissioners, of being a
6 state legislator who represents most of the geographic
7 area served by Aloha in the Seven Springs area. And
8 during my time in office, finding a solution to the
9 ongoing problems facing Aloha's customers has become one
10 of my top priorities and, may I add, one of my staff's top
11 priorities too.

12 Today is a continuation of a drama that has been
13 played out over the past several years. Just a few short
14 months ago, another chapter in that drama was realized
15 when the Commission visited New Port Richey and heard
16 testimony from many customers who had and still have
17 ongoing problems with Aloha Utilities. That hearing was a
18 near repeat of a public hearing held in 1996 in the very
19 location where customers first had the opportunity to
20 address the Commission directly about the important,
21 extremely frustrating issue and that is dealing with Aloha
22 Utilities.

23 I come before you today to report that,
24 Commissioners, nothing has changed. I understand that the
25 issue of quality, water quality is not the primary subject

1 of today's docket. Aloha has filed for a significant, a
2 significant rate increase for its Seven Springs service
3 delivery area. Aloha will no doubt say that the public
4 hearing back in March of this year and the subsequent
5 orders issued by the Commission closed the book, so to
6 speak, on the water quality issue. In advance of that
7 objection, I offer my disagreement right now.

8 While the wastewater rate increase application
9 is the prime impetus for today's hearing, most of Aloha's
10 customers will not separate the proposed rate hike for
11 wastewater services from the quality of water they receive
12 when they turn on their taps, and, Commissioners, they
13 should not have to do that. I believe that the water
14 quality is a fair subject for me and my fellow customers
15 to remind the Commissioners.

16 Shortly after my election as a state
17 representative, I began to receive phone calls, phone
18 calls from constituents who are customers of the Aloha
19 Utilities servicing area. And I learned very quickly that
20 the problems with the utility company were not isolated to
21 just a few homes scattered around the service delivery
22 area. What struck me was not only the number of
23 complaints I began to receive but the severity of the
24 problems that the people are experiencing. Those problems
25 were many and varied from relatively simple complaints of

1 low water pressure to horrendous reports of black
2 foul-smelling water gushing from taps. My office was
3 inundated with calls and letters from unhappy customers.

4 MR. WHARTON: Commissioner Jacobs?

5 MR. FASANO: Customers --

6 MR. WHARTON: I apologize for interrupting.

7 MR. FASANO: Excuse me.

8 MR. WHARTON: Objection. And I'll just say this
9 one time, I feel for the record that I must and will not
10 repeat it as the customers testify, but this is a subject
11 that has been studied exhaustively. The wastewater rates
12 are not the primary subject of this proceeding, they are
13 the only subject. We would all benefit if the evidence
14 were confined to the matters at hand. None the expert
15 witnesses have testified on these matters, and it's not
16 appropriate testimony. And having said that, we won't
17 repeat the objection, but it is a continuing one.

18 COMMISSIONER JACOBS: I understand.

19 MR. SHREVE: Mr. Chairman, if I may be heard on
20 that. We are hear on the wastewater rates, but we are
21 here about the quality of service of this company from the
22 customers, and that is not necessarily limited just to the
23 sewer system. The customers should be heard in brief
24 remarks at least as to the quality of service provided by
25 this utility overall, and that should have an affect on

1 the rate case that we are here for. Thank you.

2 MR. FASANO: And if I may, Mr. Chairman, I think
3 not only as a customer of Aloha but as a state legislator
4 who represents most of the geographical area in the
5 servicing area, I think that the three Commissioners here
6 today, specifically two of them, should know the story
7 that has been developed and has been created over the last
8 several years in dealing with Aloha. This is not just the
9 first time. This has been going on for years and years
10 with the rotten, foul-swelling water that Aloha gives to
11 the customers, the poor service that they give to the
12 customers where customers can't even get a return phone
13 call from Aloha when there's a problem. I think as a
14 legislator I have a responsibility to make certain that
15 you as Commissioners are aware of that because you're the
16 ones that regulate this utility company.

17 COMMISSIONER JACOBS: I understand. I would
18 concur primarily in the idea that to the extent the
19 responsiveness of the company to your concerns on the
20 whole, that's the quality of service issue; however,
21 understand that for the tasks that we're faced with that
22 any comments or evidence that are going to come forward
23 regarding the quality of water, we don't have a box to fit
24 that in for purposes of our process today.

25 We can hear it, and I appreciate the idea that

1 my colleagues can be educated further on that idea, but I
2 would ask you, as Mr. Shreve stated, to do that in a
3 concise and precise manner as possible. Our job is to try
4 and get as much evidence in as to the quality of the
5 wastewater, and even if we hear it today, it can't go --
6 let me put it this way, its impact in the record of this
7 process were minimal, if at all. And so I think your time
8 and our time is going to be much better served if we go
9 ahead and address the most substantiative concerns.

10 MR. FASANO: And I will get to that.

11 COMMISSIONER JACOBS: Thank you very much.

12 MR. FASANO: Thank you very much. Mr. Chairman,
13 Commissioners, despite the passage of several years as a
14 legislator neither the volume of calls nor letters sent to
15 my district office have eased. The reason is that it's
16 simple. Until this summer, nothing had been done to force
17 Aloha to do anything to correct the problems that they
18 have created for the customers with the Aloha servicing
19 area. The pilot project that Aloha has finally been
20 ordered to undertake is a good first step, and I'm hopeful
21 that whatever results from this pilot project will be in
22 the customers' best interest, for the first time in the
23 best interest in the customers. And I know that those
24 results will be a long time coming, however. Nobody here
25 today, although they may wish it, truly expect that Aloha

1 will solve this problem anytime soon. Their past history
2 shows that they will take as long as possible to
3 accomplish this.

4 The members of the Commission, more than anyone
5 else in government should be aware of the problems facing
6 Aloha's customers. As I said in September of '96, this
7 body saw the physical presence of 1,000 customers who
8 personally came out to protest a rate increase by Aloha.
9 The testimony of 50-plus people who spoke and the dozens
10 of jugs of black discolored water spoke for all who came
11 out to make their opposition known. And I believed at
12 that time, as did most people in attendance, I'm sure that
13 the evidence spoke for itself.

14 The scene was repeated in March of this year
15 when hundreds of customers packed the hearing room at the
16 Clarion hotel and expressed their continued frustration
17 with Aloha Utilities. And I have no doubt that your
18 choice of this larger venue is because of the overcrowding
19 that we had, and we can see that today will be no
20 different.

21 While I have no idea how many people will appear
22 before you today and this evening, I imagine that you will
23 have the opportunity to see and hear for yourself the
24 quality issues and also how people are totally against
25 this 57 percent rate increase. I can only look at the

1 crowd right now and assembled here before you and suggest
2 that you should expect to hear many complaints that are
3 well-founded and documented.

4 I, like those of you who visited these people's
5 homes in the past, have seen with my own eyes the
6 horrendous service that Aloha has delivered to the people
7 in the Seven Springs area. While the wastewater rate
8 increase request is the heart of this hearing, the
9 foundation upon which it is built is the poor quality of
10 water and service. Please remember that, Commissioners,
11 please remember that.

12 I don't know how many, if any, people will
13 testify today or tonight about the quality or the
14 wastewater service. Once one flushes a toilet or empties
15 a bathtub, I'm sure their thoughts of water quality
16 literally go down the drain as well. Perhaps some do have
17 problems with odors, cracked pipes, or whatever you have,
18 and whatever they may have too, but whether zero or 100
19 customers complain specifically about the wastewater
20 service, please do not forget, Commissioners, that
21 drinking water quality is truly the problem with this
22 company along with poor service.

23 The proposed 57 percent increase in wastewater
24 rates is an exorbitant expense that should have been
25 planned for and absorbed in other ways by Aloha Utilities.

1 I have been saying this and the customers have been saying
2 this for years, forcing to pay such an increase when they
3 don't know from one day to the next whether they are going
4 to have clean water, whether they will get a return phone
5 call from Aloha if there's a problem. Instead of
6 investing in the operating of its water systems years ago,
7 Aloha Utilities have chosen to ignore good solid
8 suggestions and wait until they were ordered by the
9 Commission to finally take action to increase its
10 revenues.

11 Back in '96, I suggested to this body that Aloha
12 Utilities needs to increase in impact fees to make them
13 competitive with the Pasco County Utility Department.
14 Over many years, the revenue generated by the increased
15 fees would have surely offset much, if not most, of the
16 cost of the required improvements to Aloha's system.
17 Instead, to the best of my knowledge, and I think I'm
18 factual in saying this, Aloha has not increased its impact
19 fees.

20 This past summer, the Commission took belated
21 action and ordered Aloha to increase its impact fees.
22 While the order increase is relatively a small one, it is
23 at least in the right direction, although I think it's
24 extremely small. Unfortunately, the potential revenue
25 lost over these past years will never be regained. It is

1 high time that Aloha makes substantial increases to its
2 impact fees so the future customers, future customers bear
3 the cost and not the existing customers today.

4 In the prehearing ordered by the Commission last
5 week, I was struck by a few areas that I would like to
6 comment on. Much of the notice deals with technical and
7 accounting issues that this body will determine another
8 time. The Office of Public Counsel has done well in
9 articulating its position on the issues; however, I was
10 struck by a couple of positions Aloha Utilities has taken
11 and would like to personally comment.

12 I would like to explicitly state my support for
13 a position expressed by the Commission Staff regarding
14 Issue Number 21, the Staff's recommendation that the
15 salary of Aloha's vice president be reduced by over
16 \$15,000. And additionally, the related benefit expenses
17 should be adopted in light of at the very least the
18 enormous rate increase requested by the utility. If the
19 management is overpaying one of its own, which it appears
20 to be doing, then it would be unfair to expect the
21 customers to foot the bill for such an overpayment in the
22 form of rate increases. The same can be said for the
23 expense of the additional administrative employee and
24 related expenses addressed in Issue 22.

25 I would also like to address the position

1 expressed by Aloha relating to Issue 38. Aloha has
2 indicated that it should not bear the risk associated with
3 its inability to find reclaimed water customers.

4 Commissioners, what a wonderful thing it would be for all
5 businesses to have protection from the possibility that
6 they would be unable to sell their product or services.

7 Since Aloha will realize benefit from the sale of
8 reclaimed water, why should it not be expected to accept
9 any associated risk with it? I strongly encourage the
10 Commission to hold Aloha accountable for its own ability
11 or inability to sell its product.

12 Issue 41 addresses a proposed fine that the
13 Commission has been recommending to levy against Aloha for
14 its untimely filing of certain paperwork. Even though
15 Aloha has lodged its opposition to this fine, a sum of
16 \$250 is a gift horse that Aloha should not look in the
17 mouth. After all these years of feet dragging, appeals
18 regarding audits, and the other action that this company
19 has taken or delayed in taking, the fact that Aloha is
20 only being fined \$250 is amazing to me and I'm sure to the
21 people in this audience.

22 Yes, I want them to pay this fine, but I believe
23 that they should be penalized for a far greater amount
24 than \$250 and out of their own pockets and not out of the
25 customers' pockets. Does \$250 mean anything to the

1 customer who has lived with black, smelly water for years?
2 Does \$250 mean anything to all of the customers who have
3 waited in an ornate amount of time for a solution to the
4 black water problem that Aloha could have done something
5 about two years ago? Does \$250 offset the cost of water
6 treatment systems countless people have installed in their
7 homes because of Aloha's foul water? Does \$250 do
8 anything to reduce the State's legal costs in holding
9 Aloha's feet to the fire due to the past refusal to submit
10 legal audits by this very same Commission?

11 The list of complaints could go on and on, and,
12 yes, Aloha should be fined, but I urge the Commission, in
13 fact, I plead with the Commission to reconsider the amount
14 of that fine. Two hundred and fifty dollars is a mere
15 drop in the bucket full of dirty water. I don't believe
16 that such a small fine is anything but a token slap on
17 Aloha's wrist. I would like to make mention of Aloha's
18 recent attempt to include a cost of a proposed move into
19 new corporate headquarters as part of this rate increase.
20 Absolutely amazing, absolutely amazing, that at the last
21 minute they decide that the -- where they are housed, they
22 no longer can stay there because apparently their
23 landlord, whose wife owns the company, no longer wants
24 them there.

25 I believe that it was a wise move by the

1 Commission to hold off in dealing with this issue for a
2 period of time until the issue can be fully researched,
3 and please, fully research this issue. A proposal to
4 include nearly \$765,000 in expenses on top of the present
5 rate increase request deserves proper appraisal. I would
6 like to have it on record that I opposed this latest
7 attempt to saddle customers with a business expense that
8 Aloha should have planned for. To expect the customer to
9 bear the brunt of this yet another slap in the face of our
10 customers, please do what is right and deny this expense.

11 Commissioners, as I close this presentation, I
12 want to make it perfectly clear that the first issue here
13 today is the question of whether or not Aloha Utilities
14 deserves a wastewater rate increase. Over the years,
15 Aloha has done nothing to prepare for this day. Instead
16 of making a prudent business decision in anticipation of
17 this time, Aloha wants to pass the full cost of these
18 repairs on to customers. The people of the Seven Springs
19 service delivery area pay for water that is dirty, smelly,
20 and oftentimes undrinkable. These same people should not
21 be expected to foot the bill for Aloha to build a new
22 wastewater system. The cost of the repairs should be
23 borne not by these customers but by Aloha themselves and
24 by the new customers coming in.

25 Aloha should apply for a significant increase in

1 its impact fees. Aloha should reduce its business
2 expenses in other ways, many of which have been addressed
3 in the prehearing statement, but Aloha should not be
4 allowed to increase its wastewater rates by 57 percent. I
5 ask the Commission to deny this very, very large increase.

6 I thank the Commission for allowing me to come
7 and speak today. I know I was lengthy, but I think it's
8 important you know the whole story about Aloha Utilities.
9 Please do what's right, do what's right for the customers
10 in the servicing area of Aloha Utilities. Thank you very
11 much. God bless you.

12 COMMISSIONER JACOBS: Do you have questions?

13 MR. WHARTON: Yes.

14 COMMISSIONER JACOBS: Representative Fasano, he
15 has some questions. I believe we have some
16 cross-examination from counsel.

17 CROSS EXAMINATION

18 BY MR. WHARTON:

19 Q Mr. Fasano, I'm John Wharton representing Aloha
20 Utilities. How are you?

21 A Good morning. I am doing well. Thank you.

22 Q Have you personally experienced problems with
23 your sewer service in the past?

24 A With my sewer service, not that I can recall,
25 no.

1 Q Okay. Sir, you testified that you believe Aloha
2 should have planned for these costs and absorbed them in
3 other ways. What are you speaking of in that regard?

4 A Well, I think that, one, I spoke earlier about
5 the impact fees. I'm a big believer that the present
6 customers should not be bearing the cost of these rate
7 increases but the customers that are building in that
8 area. I addressed this with Mr. Watford many, many years
9 ago and with the Commissioners themselves. You have
10 steadfast against increasing the impact fees, and I'm a
11 big believer that it should be those who are creating the
12 problem by the large expansion of homes that are built in
13 the Seven Springs area have to bear these costs.

14 Q Sir, are you aware that a Staff witness is
15 proposing adjustments in this case which would make it
16 much more difficult for Aloha to collect increased
17 connection fees in the future?

18 A I'm not, no.

19 Q Would you be against that, categorically?

20 A I'd have to look at it entirely before I could
21 comment on it.

22 Q But you do think that a significant increase in
23 impact fees would be one of the solutions to the problems
24 that you have testified about?

25 A I'm a big believer that those who are creating

1 the problem in the Aloha servicing area, along with Aloha
2 themselves in picking up many of these costs, should be
3 those who are moving into the area, not the existing
4 customer.

5 Q Mr. Fasano, are you aware that the impetus for
6 Aloha filing for this rate increase was as a result of its
7 implementation of the directive of another agency?

8 A That's correct, after many, many years.

9 Q Have you reviewed Aloha's application as it
10 relates to the PSC rules and statutes?

11 A Briefly. I think the only thing I needed to see
12 was that they were requesting a 57 percent rate increase,
13 which caught my attention very quickly.

14 Q Sir, you had testified about the issue of salary
15 for the vice president in Issue 21. Have you undertaken
16 any type of review of comparable salaries for individuals
17 with comparable duties at comparable-sized utilities?

18 A Well, first of all, I'm going by what the
19 Staff's recommendation is, and it's not often that I agree
20 with Staff of the Public Service Commission, but I do in
21 this time, that I believe that anyone who is getting an
22 exorbitant amount of pay that shouldn't be getting that,
23 and I trust Staff on this one, that they shouldn't be
24 getting that type of salary, and I wholeheartedly support
25 that provision and support it.

1 Q Does that mean that you have not undertaken the
2 kind of analysis I asked you about?

3 A Well, I don't have the staff nor the dollars to
4 take that kind of analysis. That's what we, the
5 customers, use our tax dollars for to make certain the
6 Staff will come up with that analysis.

7 Q Sir, you talked about the \$250 fine that was the
8 subject of Issue 41. Do you really know what that's all
9 about?

10 A I know briefly, but what concerns me greatly is
11 \$250, and what I tried to stress here and to the
12 Commissioners is that after all of these years, after all
13 of the feet dragging by Aloha and by their administrators
14 and just ignoring the problems of the customers in the
15 Seven Springs area, and then wanting a 57 percent rate
16 increase after they got a dramatic one after only a few
17 short years ago, I have great concerns that the Public
18 Service Commission is fining them much too small of
19 amount. And I think they need to send a message to the
20 utility company that you represent that we are not going
21 to tolerate this any longer.

22 Q But that --

23 A Do you realize the tax dollars that is being
24 cost bear (sic) not only by these people but throughout
25 this State for the Staff and Public Counsel that continue

1 to fight every time when Aloha will not do something that
2 I think they should be doing and it's their
3 responsibility? The auditing, I mean, refusing and
4 turning over proper books at proper times, to go to that
5 extent, the tax dollars that are being spent to have to
6 make certain that Aloha does what every other utility
7 company in this State should be doing.

8 Q But none of that relates to Issue 41, does it,
9 sir? That's just your rather generic opinion that the
10 Commission should be levying some types of fines on Aloha.

11 MR. SHREVE: Mr. Chairman, I'd like to object to
12 the question. Mr. Wharton is being argumentative and
13 repetitious. The witness has answered the question.

14 MR. WHARTON: I don't believe he has,
15 Commissioner.

16 COMMISSIONER JACOBS: Excuse me. As I
17 understood your question, you want to understand his
18 background as to Issue 41. You can just ask that.

19 MR. WHARTON: Let me rephrase the question,
20 Commissioner.

21 COMMISSIONER JACOBS: Thank you.

22 BY MR. WHARTON:

23 Q Mr. Fasano, are you aware of whether or not
24 anyone was prejudiced by the failure to timely file the
25 extension of the Mitchell Agreement, which is the subject

1 of Issue 41?

2 A I am not, no.

3 MR. WHARTON: Okay. That's all we have.

4 COMMISSIONER JACOBS: Thank you very much. Any
5 other questions, Mr. Shreve?

6 MR. SHREVE: No questions. Thank you very much,
7 Representative Fasano.

8 MR. FASANO: Thank you very much. Have a good
9 day.

10 COMMISSIONER JACOBS: Thank you, Mr. Fasano.

11 (Witness excused.)

12 COMMISSIONER JACOBS: Call your next witness,
13 Mr. Shreve.

14 MR. SHREVE: Mr. Hartinger.

15 RAYMOND HARTINGER

16 was called as a witness on behalf of the Citizens of the
17 State of Florida and, having been duly sworn, testified as
18 follows:

19 DIRECT STATEMENT

20 MR. HARTINGER: Good morning. I've got a very
21 brief statement to make. I can't very well top
22 Mr. Fasano's eloquent presentation.

23 COMMISSIONER JABER: Sir, for the record, would
24 you please repeat your name.

25 MR. HARTINGER: Oh, yes, I'm sorry. My name is

1 Raymond Hartinger, H-A-R-T-I-N-G-E-R. I live at 1612
2 Orchard Grove Avenue, New Port Richey, in the Wyndgate
3 community. And last April, we were part of this black
4 water fiasco, which I won't comment on today except to say
5 that I just returned back to our home after a three-month
6 absence, and I had prior to our leaving in the spring
7 replumbed our house to where we added a water tap in an
8 area of the garage prior to where it enters the house.

9 In other words, there's a tap in the garage from
10 where the water comes from the road to the house. When we
11 got back home last week after a three-month absence, I put
12 a bucket under that tap, turned the water on, and I had
13 nothing but black, greasy, foul, stinky water. I attached
14 a hose to it and ran it down into the sewer for about a
15 half hour. I went to the hot water tank, drew water from
16 the hot water tank, black filthy, stinky, greasy water. I
17 emptied the whole tank. My point of discussion today is
18 that I am wasting my money to drain off Aloha's foul water
19 into their sewer, so I'm buying their product, dumping it
20 into their sewer, and being asked to pay more money to do
21 so. It's a total waste of money.

22 COMMISSIONER JACOBS: Does that complete your
23 testimony?

24 MR. HARTINGER: That's all I have to say.

25 COMMISSIONER JACOBS: Any cross?

1 MR. WHARTON: No questions.

2 COMMISSIONER JACOBS: Staff, any questions?

3 Thank you, Mr. Hartinger.

4 MR. HARTINGER: Thank you.

5 (Witness excused.)

6 COMMISSIONER JACOBS: Next witness.

7 MR. SHREVE: Mr. Hawcroft.

8 Mr. Hawcroft, you were sworn; am I correct?

9 MR. HAWCROFT: That is correct, sir.

10 COMMISSIONER JACOBS: And would you please give
11 your name, spell your name, and give your address for the
12 court reporter.

13 MR. HAWCROFT: Yes.

14 MR. SHREVE: Thank you.

15 HARRY HAWCROFT

16 was called as a witness on behalf of the Citizens of the
17 State of Florida and, having been duly sworn, testified as
18 follows:

19 DIRECT STATEMENT

20 MR. HAWCROFT: My name is Harry Hawcroft. It's
21 spelled H-A-W-C-R-O-F-T. I reside at 1612 Boswell Lane in
22 New Port Richey, Florida, and that is in the Wyndgate
23 development. The comment I would like to make today in
24 the hopes that the Commission will deny rate increases to
25 the wastewater service basically go along the same lines

1 that Mr. Hartinger just touched upon. But what I would
2 like to do is give Mr. Jacobs a box so he could put two of
3 these elements into, and basically, it's a lot like
4 Mr. Hartinger said.

5 The more we try and clean up our homes and
6 residences from the delivered product, which is the Aloha
7 water, to try and keep the product clean into our homes,
8 we do actually utilize more wastewater treatment facility
9 because we're dumping that water. I likewise have to run
10 mine when I leave for two weeks or a period thereof. I
11 have to run my tanks empty, and I have to run the garden
12 hose to the street so that the water is usable.

13 My wife usually likes to take a bath after we
14 have been on a trip, like she does, you know, pretty
15 frequently, hopefully. Anyway, so it's a lot like the --
16 in layman's terms the dog chasing its tail. You know, as
17 you use more water, you know, to clean up the water, the
18 rates increase. So I guess you could put them into the
19 same box, Mr. Jacobs. It's an expensive deal, really. We
20 shouldn't have to do that, have to pay more for sewage.
21 And it's an awful waste, you know, sewage, really. I know
22 they are going to try and treat the water and hopefully
23 resell it, you know, but it's an awful waste. We're
24 wasting the most precious things that we have today, you
25 know. The water element is our most vital thing.

1 And in the weeks, years, and months to come, we
2 will not be afforded this luxury like myself. I feel very
3 bad about doing this, you know, having to dump water that
4 is not necessary.

5 COMMISSIONER JACOBS: Mister--

6 MR. HAWCROFT: And then also -- and I'm going to
7 finish briefly.

8 COMMISSIONER JACOBS: No, I wasn't -- I was
9 going to ask you a question. I wasn't cutting you off.

10 MR. HAWCROFT: And then I have got to pay for
11 it, you know.

12 COMMISSIONER JACOBS: My question was: Do you
13 find -- you indicated that there was a two-month absence
14 or a two- or three-month absence that you had --

15 MR. HAWCROFT: No.

16 COMMISSIONER JACOBS: -- and you had to come
17 back and flush your lines?

18 MR. HAWCROFT: No, that's not correct.
19 Mr. Hartinger, if you recall --

20 COMMISSIONER JACOBS: I'm sorry.

21 MR. HAWCROFT: -- mentioned two months. No,
22 mine sometimes is a week of absence. It might extend to a
23 month, but I've not yet been away for two months.

24 COMMISSIONER JACOBS: And then you'd flush your
25 lines as well?

1 MR. HAWCROFT: The first thing I do, if I drive
2 from the airport or I drive from out of the State, before
3 I unpack the luggage, it's my routine. I pull into the
4 driveway, and I get out my garden hoses and away we go. I
5 have to clean up before -- before I leave I turn all their
6 incoming water off to my house. So, really, what I'm
7 cleaning out is the pipeline from the street into my house
8 and then any of the hydrogen gas that would be in my tanks
9 or near my kitchen sinks. So --

10 COMMISSIONER JACOBS: You flush your hot water
11 heater as well?

12 MR. HAWCROFT: Yeah. I put a hose on the bottom
13 of the heater, and I drain that guy to.

14 COMMISSIONER JACOBS: Okay.

15 MR. HAWCROFT: And I guess I would ask in
16 final -- in my final piece here for you to really
17 seriously consider denying any rate increase to this
18 utility until their service would match some of the other
19 areas. I look with pride what Pinellas have done with
20 their systems and their projections for new services and
21 how they are going to be updating as they move along. So
22 that's what we need to do. And thank you for your time,
23 and thanks for the Staff for all of their work behind the
24 scenes too, and that's it.

25 COMMISSIONER JACOBS: Thank you very much.

CROSS EXAMINATION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BY MR. WHARTON:

Q Sir, you had expressed your concern for water conservation. Are you aware of the fact that the public access reuse that Aloha is proposing by its application is universally accepted as a significant water conservation measure?

A If you're talking about recycling the gray water for yards and that, is that what you're referring to?

Q No. I'm talking about the types of public access reuse that this specific wastewater plant will be capable of and will, in fact, implement. And if you're not aware, that's fine.

A No, I'm not really -- but if you're going to do that, that's great.

Q But you would support that if, in fact, that is the case?

A I would support anything that will improve the quality of service, and if it would help to reduce customers from having to really waste water that does not need to be wasted, yes. And I think it's time, maybe, Aloha and the customers, as Mike said, get on the same page and try and work for the consumers and deliver a good product.

Q But you would also support Aloha's application

1 to the extent that it does constitute a significant water
2 conservation measure?

3 A Not in the 57 percent increase. That rate
4 increase, I don't think you deserve that.

5 Q But you support water conservation?

6 A Doggone right, because eventually we will run
7 out of it, you know. I mean, we must do that, we must do
8 that.

9 MR. WHARTON: Thank you very much.

10 COMMISSIONER JACOBS: Any questions, Mr. Shreve?

11 MR. SHREVE: No.

12 COMMISSIONER JACOBS: Staff.

13 MR. JAEGER: No.

14 COMMISSIONER JACOBS: Thank you, Mr. Hawcroft.

15 Thank you very much.

16 MR. HAWCROFT: Thank you very much.

17 MR. WHARTON: Thank you very much.

18 (Witness excused.)

19 MR. SHREVE: Mr. Irwin.

20 JAMES IRWIN

21 was called as a witness on behalf of the Citizens of the
22 State of Florida and, having been duly sworn, testified as
23 follows:

24 DIRECT STATEMENT

25 MR. IRWIN: My names is James R. Irwin,

1 I-R-W-I-N, 7106 Fallbrook Court, New Port Richey 34655. I
2 want to thank you for coming, having this meeting so that
3 the residents who are subject to Aloha Utilities can give
4 their opinions of that utility. I say, "subjects" and not
5 customers, as Mike did, because we are subject to the
6 terrible water, terrible service, and lack of on Aloha's
7 part to obey the basic standards of Pasco County's fire
8 laws.

9 I have been a resident of Florida for 20 years,
10 once in Woodtrail Village subject to Aloha and once in
11 Wyndtree subject to the lack of service and care by Aloha.
12 We've heard the story of the copper pipes causing the
13 black water. That is total obfuscation. I am 81 years
14 old and have had copper pipes since I was 20. We haven't
15 had any black water, smelly water, stinky water until I
16 moved here.

17 When I lived in Woodtrail Village, a fire
18 hydrant installed by Aloha wasn't connected. For three
19 years that went on. No fire protection. Why?

20 One day about four years ago, an employee of
21 Aloha came to the fire hydrant in front of our house. He
22 was going to drain it. I said, "Wait a minute until I get
23 a bucket." I had a five-gallon white bucket. And he
24 turned it on, and as that picture I showed you, the water
25 was black. A five-gallon, I took it over and put it by my

1 garage, went back two hours later to look at that water,
2 and the bottom of that bucket was covered with black,
3 black dirt.

4 Now, they want an increase in the recycling, no,
5 not recycling, in the disposal of the sewage water. It
6 seems to me we are getting it right back through our
7 spigots. It smells like it; it's discolored.

8 COMMISSIONER JACOBS: Mr. Irwin, did I
9 understand --

10 MR. IRWIN: They --

11 COMMISSIONER JACOBS: Excuse me, Mr. Irwin. Did
12 I understand you to say that you are a customer --

13 MR. IRWIN: -- have never treated their subjects
14 like customers, and now they want an increase. Well, 60,
15 70 percent of some of our homeowners, the water used is
16 for lawn spraying. All right. Let's put a separate meter
17 on the water used for the lawn. That doesn't go back into
18 the sewage system.

19 COMMISSIONER JACOBS: Mr. Irwin, excuse me, a
20 moment. Excuse me a moment. Did I understand that in
21 Fallbrook, do you take wastewater service from --

22 MR. IRWIN: We are asked to a pay for a new
23 building --

24 COMMISSIONER JACOBS: Excuse me, Mr. Irwin.

25 MR. IRWIN: -- why can't they do like the rest

1 of us, get a mortgage?

2 COMMISSIONER JACOBS: Can you hear me? Can you
3 hear me?

4 MR. IRWIN: No, I can't.

5 COMMISSIONER JACOBS: Okay. Go ahead and finish
6 then.

7 MR. IRWIN: My recommendation, sir, is to turn
8 all of this down. This has gone on too long. This is
9 just a conglomerate with the same man that owns the wells
10 owns the building owns Aloha. I thank you for your
11 attention.

12 COMMISSIONER JACOBS: Thank you. Mr. Wharton.

13 MR. WHARTON: I guess not.

14 COMMISSIONER JACOBS: Thank you. Next witness.

15 (Witness excused.)

16 MR. SHREVE: Mr. VilK, Mr. George VilK, V-I-L-K.

17 GEORGE VILK

18 was called as a witness on behalf of the Citizens of the
19 State of Florida and, having been duly sworn, testified as
20 follows:

21 DIRECT STATEMENT

22 MR. VILK: I'm George VilK. I live in Mill
23 Pond, and I'll be very brief. It just occurred to me
24 since -- the additional cost should be factored into the
25 rates they receive for all the water we are forced to buy

1 by the jug, because I wouldn't dare drink or even make
2 coffee or tea with it because it's just not useable. So I
3 don't think that that additional cost of the jugs of water
4 that we're forced to buy every week is factored into the
5 income. It shouldn't be -- I mean, it should be. That's
6 all I have to say. Thank you.

7 COMMISSIONER JACOBS: Mr. Vilk, do you know if
8 you take wastewater service from the company or not?

9 MR. VILK: Lawn service?

10 COMMISSIONER JACOBS: No, wastewater.

11 MR. IRWIN: No. We don't get wastewater
12 service.

13 UNIDENTIFIED SPEAKER: Yes, you do.

14 COMMISSIONER JACOBS: How is your service? I
15 just wanted to know what your service was like with them.

16 MR. VILK: All I'm saying is that we have never
17 been able to use the water that we get, the Aloha water,
18 except for purposes of car washing, et cetera. We can't
19 drink it or even make -- I wouldn't even boil coffee in
20 it. So, I mean, these are additional costs that don't
21 show up on the bill, the jugs of water we've got to buy
22 weekly. So it occurred to me, you know, that that's an
23 additional expense to each homeowner that has to pay that.

24 COMMISSIONER JACOBS: I understand. Thank you
25 very much. Any questions?

1 MR. WHARTON: No.

2 MR. VILK: Thank you very much.

3 COMMISSIONER JACOBS: Thank you, sir.

4 (Witness excused.)

5 MR. SHREVE: Mr. Rudy Valentic.

6 RUDY VALENTIC

7 was called as a witness on behalf of the Citizens of the
8 State of Florida and, having been duly sworn, testified as
9 follows:

10 DIRECT STATEMENT

11 MR. VALENTIC: Good morning. My name is
12 Rudy Valentic. I'm a contractor. I've been in the water
13 business for 30 years, so I know a little bit about water.

14 COMMISSIONER JACOBS: Can you spell your last
15 name, please.

16 MR. VALENTIC: I'm going to get down to the main
17 issues right off the bat.

18 COMMISSIONER JACOBS: I'm sorry, Mr. Valentic.

19 MR. VALENTIC: Will all the members of Aloha
20 water authority stand up that's on the Board? Is anybody
21 here?

22 COMMISSIONER JACOBS: I'm sorry, could you ask
23 us your question again?

24 MR. VALENTIC: Is there anybody from the Board
25 from Aloha Utilities here? Somebody has got to stand up.

1 Okay.

2 MR. WATFORD: Right here.

3 MR. VALENTIC: Okay. Thank you. Now, the
4 reason I said that, I've been to a lot of board meetings
5 and water companies, and I don't blame nobody but the
6 Board. And if the Commissioners let them have their
7 increase, they are in fault. You'ns all should be fired.
8 You'ns are not doing your work for the public. And I say
9 right now, you are hurting the middle class people that's
10 barely -- having a hard way of making a living now, and
11 you want to hit them with 57 percent; I think it's totally
12 wrong. And you'ns got to clear your act up. I thank you.

13 COMMISSIONER JACOBS: Any questions?

14 MR. VALENTIC: I have more to say, but it's a
15 long -- the speakers before me said it all, and they
16 deserve a big hand, especially Mike too.

17 COMMISSIONER JACOBS: Thank you.

18 MR. VALENTIC: Thank you.

19 COMMISSIONER JACOBS: Could you hold for a
20 moment? I think we have some questions for you.

21 CROSS EXAMINATION

22 BY MR. WHARTON:

23 Q Sir, do you live in Seven Springs?

24 A I live in Tiki Village, Holiday.

25 Q Which is not Seven Springs; is that correct?

1 A Right.

2 MR. WHARTON: Okay. Thank you.

3 MR. VALENTIC: See, the way this document reads
4 here that you have in here, you're saying that we're not
5 allowed to say anything about -- just the wastewater.
6 It's about the whole water company we're referring to.

7 COMMISSIONER JACOBS: I understand.

8 MR. VALENTIC: So it fools a lot of people. So
9 the only thing I can say, there's got to be a lot of work
10 done to get this thing cleared up and work for the people.
11 Thank you.

12 COMMISSIONER JACOBS: Thank you.

13 MR. VALENTIC: Any more questions?

14 MR. WHARTON: I do have one other.

15 FURTHER CROSS EXAMINATION

16 BY MR. WHARTON:

17 Q Sir, do you understand that this rate increase
18 wouldn't affect you because you don't live in Seven
19 Springs?

20 A Yes, it affects me because they're still my
21 people. I came up here to support them, and if you'ns
22 were going to say, Tiki Village, we're going to raise
23 your rates up, they would probably be in here for me,
24 too.

25 COMMISSIONER JACOBS: Mr. Shreve, do you have a

1 question?

2 MR. SHREVE: No.

3 COMMISSIONER JACOBS: Okay. Thank you very
4 much.

5 MR. SHREVE: Thank you, sir.

6 MR. VALENTIC: Thank you.

7 (Witness excused.)

8 COMMISSIONER JACOBS: Before we bring the next
9 witness up, I'd like for us to take a break for about ten
10 minutes, and we will be back.

11 (Brief recess.)

12 COMMISSIONER JACOBS: Okay. If you would go
13 ahead and have a seat and we'll begin again. Mr. Shreve,
14 go ahead and call your next witness.

15 MR. SHREVE: Mr. LaMaire.

16 ORVILLE LaMAIRE

17 was called as a witness on behalf of the Citizens of the
18 State of Florida and, having been duly sworn, testified as
19 follows:

20 DIRECT STATEMENT

21 MR. LaMAIRE: My name is Orville LaMaire,
22 L-A-M-A-I-R-E, 1325 Kinsmere Drive, Trinity Oaks
23 subdivision.

24 The first item I'd like to complain about is
25 that Aloha does not know how to maintain the system that

1 they do have installed, as far as the wastewater system is
2 concerned.

3 We have pumping stations for the sewage system
4 in our development. And when you walk by them early in
5 the morning, they produce the most foul-smelling odor that
6 you can imagine, and you have to hold your nose in order
7 to go by these pieces of equipment. These are the pumping
8 stations for the wastewater system.

9 They have responded to the requests of this poor
10 service by putting a cap over the end, which must be like
11 a paper filter, which produces no added benefit whatsoever
12 and most of the time is laying on the ground, because it's
13 falling off. And even when it is on, it produces no help
14 to the situation.

15 The second item I'd like to address is in
16 relation to getting an irrigation meter. Most of us, or
17 at least those of us that have one or two people in the
18 house, do not use 10,000 gallons worth of sewage water a
19 month, but we are charged for 10,000, if we run our
20 irrigation system, which uses over 10,000.

21 In order to try and reduce that, I requested
22 what would have to be done to get a meter -- separate
23 irrigation meter. The letter from Aloha states that you
24 have to pay a full impact fee as if you were a new
25 resident, even though the present system you have now

1 comes up to a meter, has a split after the meter, one pipe
2 going to the house to service the residents, one pipe
3 going to a check valve and valve that leads to the
4 irrigation system.

5 You're not able to put in a meter that just goes
6 to that irrigation system. You have to put in another
7 system that involves a backflow preventer, which none of
8 us have today for our systems, but now you must put it in,
9 if you're going to do separate sprinkler.

10 And this thing has to be tested and maintained
11 annually by a certified tester. A copy of the annual
12 certification will be sent to Aloha Utilities. It should
13 be noted that failure to comply with this ordinance will
14 eventually result in discontinuance of water service. In
15 other words, they don't want you to do this. I'm going to
16 submit this letter from Aloha stating all these
17 requirements to the board.

18 COMMISSIONER JACOBS: Very well. Mr. Shreve,
19 would you like to submit that?

20 MR. WHARTON: We just heed the same objection
21 that I made earlier and just continuing.

22 COMMISSIONER JACOBS: Okay. Does that complete
23 your statement?

24 MR. LaMAIRE: Yes.

25 COMMISSIONER JACOBS: Questions?

CROSS EXAMINATION

1

2 BY MR. WHARTON:

3 Q Sir, isn't it true that you've never filed a
4 complaint of any kind with Aloha?

5 A I have filed a complaint through our home owners
6 association, which has continuously talked to Aloha on
7 this problem.

8 Q But not you, personally or directly?

9 A I go to the people in our home owners
10 association who represent us at Aloha.

11 Q I understand, sir. And I'm not trying to harass
12 you, but does that mean you personally haven't filed one
13 directly?

14 MR. SHREVE: Mr. Chairman, I would object to
15 this. The witness has already answered the question that
16 he personally has filed with the home owners association.
17 He's badgering the witness.

18 MR. WHARTON: Mr. Jacobs, the prehearing order
19 in this case does have a line about witnesses on cross
20 examination beginning the question with yes or no. I
21 don't want to go there. I just want to get the question
22 clearly answered.

23 COMMISSIONER JACOBS: Okay. Would you restate
24 your question and, then Mr. LaMaire, could you just give
25 him a yes or no answer on it, please.

1 A I, personally, have not to Aloha directly.

2 Q Thank you, sir.

3 COMMISSIONER JACOBS: Thank you.

4 BY MR. WHARTON:

5 Q Do you know whether Aloha has ever received a
6 complaint regarding odor at pumping stations?

7 A Yes.

8 Q Okay. Have they --

9 A And they responded to it by putting a cap on to
10 it, which did nothing. These stations have to be
11 maintained, which they're not maintained, that's the
12 problem.

13 Q Who is it you understand made this complaint,
14 the home owners association?

15 A Yes.

16 Q And Aloha's response was to put a cap on it?

17 A Yes.

18 Q What kind of a cap?

19 A It's a big pipe like this. It's like a can on
20 the bottom, because out of this pipe when people flush
21 their toilets in the morning comes this foul odor from the
22 station. And if you walk by there in the morning, it is
23 just totally offensive.

24 Q And you understand that this cap was intended to
25 treat that particular problem you've been testifying

1 about?

2 A That's my understanding.

3 MR. WHARTON: Okay. That's all we have.

4 MR. SHREVE: No questions. Thank you, sir.

5 MR. JAEGER: Commissioner, I have one question.

6 COMMISSIONER JACOBS: Just a moment.

7 MR. JAEGER: He gave Jack a letter. Were we
8 going to just make that an exhibit or not?

9 MR. SHREVE: We'd like to submit it into the
10 record of the public hearing?

11 COMMISSIONER JACOBS: Mr. Wharton had a standing
12 objection to the evidence with regard to the water. I'm
13 going to --

14 MR. LaMAIRE: This isn't water, this is
15 wastewater.

16 COMMISSIONER JACOBS: Why don't we do this.
17 I'll --

18 MR. WHARTON: Perhaps, I need to review the
19 letter. I believe, that's incorrect. I mean,
20 Mr. Shreve's gotten it.

21 COMMISSIONER JACOBS: Let's go ahead and mark it
22 as an -- mark it, but not --

23 MR. LaMAIRE: This letter is in relation to
24 trying to reduce your wastewater cost by putting an
25 irrigation meter in.

1 COMMISSIONER JACOBS: We'll mark it, and we'll
2 take it up for admission at the time appropriate.

3 MR. LaMAIRE: And they do not want that to
4 happen, because it would save money to the home owner.
5 They do not want it to happen, so they put all these
6 roadblocks in the way, and you can see it in their
7 letter.

8 MR. SHREVE: This has to do with the effect on
9 the sewer rate.

10 MR. LaMAIRE: It's an effect on the sewer rate.

11 COMMISSIONER JACOBS: We'll call that
12 Mr. LaMaire's letter --

13 MR. LaMAIRE: It's a letter from Aloha to me.

14 COMMISSIONER JACOBS: -- from Aloha to
15 Mr. LaMaire. And that will be Exhibit 1.

16 MR. SHREVE: Thank you, sir.

17 (Exhibit 1 marked for identification.)

18 MR. SHREVE: Mr. Chairman, we'd like to move
19 that exhibit into evidence, if we may, at the public
20 hearing.

21 COMMISSIONER JACOBS: If we might, let's take
22 that up after the customer hearing, because we may have
23 some discussion, and he'll have a chance to review it by
24 the time of the discussion.

25 MR. SHREVE: Thank you, sir.

1 (Witness excused.)

2 MR. SHREVE:

3 Mr. Porter.

4 GEORGE PORTER

5 was called as a witness on behalf of the Citizens of the
6 State of Florida and, having been duly sworn, testified as
7 follows:

8 DIRECT STATEMENT

9 MR. PORTER: My name is George Porter. I live
10 at 2133 Kona Drive, Holiday.

11 I'm here, not as a wastewater person involved
12 with this for the Seven Springs, but I am involved with
13 the Lake Connelly Home Owners Association, which I am the
14 president, and I fear that if it steps over into
15 wastewater over there, they'll find a way to ding the
16 people in our place.

17 I know that we're not here to talk about the
18 quality of the water, which is lousy; the quality of the
19 people at Aloha, they are lousy. They don't respond to
20 you. I sat across the board -- I sat across the table
21 from one gentleman on there last year, and it was never --
22 he is such an arrogant person, it's pathetic.

23 Now, I don't have black water at my place, thank
24 God, but I don't drink it. We also have bottled water,
25 and we use a filter. But, I think, as public service

1 people, you people would do a great disservice to the
2 people out here, if you allow them to soak 57% to these
3 people out here and then in turn sometime down the road,
4 Lake Connelly down there, we'll get soaked through some
5 money. We don't buy it. We don't buy it.

6 We had a sewer put in last year. They dug up a
7 water line that was not marked. They had them come in and
8 mark the water. The people come down to shut the water
9 off, and they didn't even know where the water line was.
10 That's how great these people are.

11 And it's my understanding, and I may be wrong,
12 but I understand that Speer owns the building that they're
13 in that they're going to be evicted. And I heard last
14 night, rumor, true or not true, that he's also going to
15 own the building that they're going to go into. I think
16 that's a blatant, blatant, blatant way of running the
17 business. I think, if they had to run a business with
18 competition, they wouldn't be here two minutes. They'd be
19 out on their ear. And that's where they should be, okay?

20 I stand for these people over here, even though
21 I'm not affected by them now, somewhere down the road we
22 will be affected. And as far as the pumping station in
23 there, I, too, get the smell of an offensive odor in the
24 morning. We have one pumping station in our unit.
25 Nobody, to my knowledge, has complained to them, but I'm

1 complaining now.

2 Thank you.

3 COMMISSIONER JACOBS: Thank you.

4 Just a moment. I think, we have some questions
5 for you.

6 CROSS EXAMINATION

7 BY MR. WHARTON:

8 Q Sir, just a clarification, you don't live in
9 Seven Springs; is that correct?

10 A No, I do not.

11 Q Sir, please, tell me the circumstances where you
12 heard that the building Aloha proposes to relocate.

13 A I heard that from an individual in a park. I'm
14 not privy to what information he has, so I do not know. I
15 just said it was a rumor. I do not know whether it's true
16 or not true, but I think if there's any bit of it that
17 could be true, I think the Commission should look into
18 that.

19 Q But you say you heard that at a party?

20 A I heard that in the park, P-A-R-K, park, not
21 party. We're not party animals down here, Mr. Watford.

22 Q Well, Mr. Watford's that fellow over there. I
23 appreciate the clarification.

24 A Excuse me. You appreciate the clarification.
25 Then, please, clear up the water for these people.

1 COMMISSIONER JACOBS: Excuse me.

2 MR. JAEGER: Mr. Porter?

3 COMMISSIONER JACOBS: I think, our Staff
4 attorney had a question for you.

5 CROSS EXAMINATION

6 BY MR. JAEGER:

7 Q Mr. Porter, I'm over here.

8 A Yes, I see you.

9 Q You say they do not respond. I think, you also
10 said arrogance. What was the situation in which they do
11 not respond?

12 A Okay. We get charged water, we get charged
13 sewer, we get charged garbage. 60% of our homes down
14 there in the summertime the people leave. So, you know,
15 if the home is empty, they're not putting out bags of
16 garbage. We pay \$8.00 a month. We had a gentleman that
17 was paying \$8.00 a month, and he refused to pay it.

18 When we sat down with Aloha, we got nowhere.
19 They, evidently, have a contract with waste management
20 people where if they don't pick up, they don't get paid.
21 I think, it's blatantly unfair of Aloha to charge you
22 \$8.00 a month to pick up rubbish that's not out there, but
23 they do it, and they do it all the time. Now, that's
24 wrong.

25 If you're going to give somebody a service, give

1 them a service. If you go on vacation and you call the
2 telephone people, they're going to charge you a minimum, I
3 would assume. But don't charge them \$8.00 to pick up a
4 lousy bag of garbage that's not out there. And they do
5 that, okay? I don't know, maybe they take the garbage
6 back and dump them in their wells, I don't know.

7 MR. JAEGER: Thank you, sir.

8 (Witness excused.)

9 MR. SHREVE: Mr. Willner.

10 GARY WILLNER

11 was called as a witness on behalf of the Citizens of the
12 State of Florida and, having been duly sworn, testified as
13 follows:

14 DIRECT STATEMENT

15 MR. WILLNER: Good morning; Gary Willner,
16 W-I-L-L-N-E-R, 1313 Daylily Drive, which is in the New
17 Trinity section.

18 I won't talk about the quality of water at all.
19 I think, that's been pretty well established by most of
20 the people, so I can't add to that. But I would like to
21 talk a little bit about economics.

22 In the last 16 years in this country, inflation
23 has run between 2, 2 1/2, 3% a year. And to come up with
24 a 57% increase at one time, I find kind of incredible,
25 just from a business and an economic perspective.

1 Now, in any private business, one has
2 competition. And, of course, utilities don't have
3 competitions. I don't have a choice of picking up the
4 phone and buying from another water company, buying from
5 another electric company. But if any private business
6 ever tried to raise their costs to their customers by 57%,
7 they wouldn't have an issue, they would be out of
8 business. People would simply buy from someone else.

9 Now, from what I'm reading, Aloha is incurring
10 certain expenses and to improve certain things within
11 their system. And most businesses, I guess, anything
12 except for utilities, when you have to incur certain
13 expenses, you pay for them as a cost of doing business.
14 And what happens is your profits might be down for a year
15 or two. And we all read about that every day, companies
16 have a little profit loss, and they get hurt in their
17 market prices, et cetera.

18 Well, apparently, in the utility business,
19 that's not a norm of doing business. If you have some
20 cost, you simply think you can pass all them on to your
21 customers. In other words, if you don't run your business
22 correctly, you don't keep your systems up, there is no
23 cost to your bottom line.

24 Now, I read utilities make between 9% and 12%.
25 Most American businesses, perhaps almost all of them,

1 would love to make between 9% and 12%. And I read a lot
2 of annual reports, and I really don't know any of them
3 that are.

4 I've lived in Connecticut, I've lived in
5 Massachusetts, I've lived in New Jersey. I can accept
6 higher rates. I mean, costs do go up. What I can't
7 accept, and I have never seen anything near 57%, I would
8 like to make sure that when all this is said and done,
9 that the margins don't go from 9% to 12% as a result of
10 increases.

11 I'm afraid that they might be a great deal
12 higher than this. And I suspect that when all is said and
13 done, that Aloha Utilities actually expects to see a
14 higher profit margin to their bottom line when all the
15 work from this committee is done.

16 So, I strongly oppose any rate increase,
17 anything close to 57% at one time. Thank you.

18 COMMISSIONER JACOBS: Thank you, Mr. Willner.
19 Thank you. I don't think you have any questions.

20 MR. SHREVE: Thank you, sir.

21 (Witness excused.)

22 MR. SHREVE: Mr. Ernest Krauth.

23 MR. KRAUTH: I'll decline from making any
24 further statements. Mr. Willner has already stated the
25 same things that I would come up and restate. Thank you.

1 COMMISSIONER JACOBS: Thank you very much for
2 your consideration.

3 MR. SHREVE: Thank you, sir.

4 Mr. Reethof.

5 GARY REETHOF

6 was called as a witness on behalf of the Citizens of the
7 State of Florida and, having been duly sworn, testified as
8 follows:

9 DIRECT STATEMENT

10 MR. REETHOF: First of all, thank you very much
11 for giving me this opportunity to address my --

12 COMMISSIONER JACOBS: If I might ask you to
13 state your name.

14 MR. REETHOFF: I'm sorry.

15 COMMISSIONER JACOBS: Okay, thank you.

16 MR. REETHOF: My name is Gerhard, G-E-R-H-A-R-D,
17 Reethof, R-E-E-T-H-O-F. I live at 4503 Northampton Drive
18 in New Port Richey. That is the Mill Pond development.

19 Well, first of all, I'd like to address this 57%
20 or more issue of an increase. Well, for our typical
21 monthly charges in both water and sewer, this means about
22 \$18 a month. Well, since the water -- we've heard that
23 enough, the water is of extremely poor quality. We've had
24 to install a reverse osmosis water conditioning system,
25 and every six months it has to be serviced.

1 In addition, the serviceman tells me that there
2 is a continuous recirculation, which goes down into the
3 sewers. That charge will come to about \$9.00 a month. So
4 that cost, plus the, in my opinion, unnecessary cost of
5 water conditioning, this comes to about \$27 a month. I'm
6 a retired person. I'm 78 years old. I live on a fixed
7 income. There is already some problem to us.

8 I would like to also support the discussion
9 about separate water meters, water meters for the
10 irrigation system. Again, it is just my wife and myself.
11 Although we are very clean people, still the lawn
12 sprinklers, which are on four hours a week now that it's
13 been reduced. We have six stations. That is a lot of
14 water, which goes down the sewers. I'm sorry, which does
15 not go down the sewers. I want to make that point. We
16 have paid for that water going down the sewers which is,
17 of course, incorrect.

18 So, I would like to propose to the Commissioners
19 that they very seriously consider this, but not with this
20 very difficult argument that we are being given how
21 difficult it is to install a water meter for just the
22 sewer system.

23 Last, I worked in business for many, many years,
24 private business. And we see all the time that the
25 businesses are installing cost reduction programs. We

1 also find, and we are stockholders in several companies,
2 that the public relations efforts of our private industry
3 is very, very adamant about explaining cost reductions,
4 improvements in management.

5 I haven't received a single note in our six
6 years here from Aloha Utilities on what they are doing to
7 reduce costs, to improve services. And, I believe, any
8 private business who would be this way and, in addition,
9 have the gall to ask for a 57% increase in the costs would
10 be out of business; please note, Aloha Utilities. Thank
11 you.

12 COMMISSIONER JACOBS: Mr. Reethof.

13 MR. REETHOF: Oh, I'm sorry.

14 CROSS EXAMINATION

15 BY MR. WHARTON:

16 Q Sir, you stated that you wanted to echo some of
17 the concerns about the irrigation situation?

18 A Yeah.

19 Q Are you aware that the type of project that
20 Aloha is proposing in this case would give Aloha the
21 capability of residential reuse, such that reused water
22 could be delivered to homes for irrigation in a greatly
23 reduced rate?

24 A I wish I'd heard about it.

25 Q Do you think that would be a good thing?

1 A How much does it cost us? Please, can you --

2 Q I was told the proposed reuse rate is 25 cents
3 per thousand.

4 A Okay, compared to -- I'm not -- what does that
5 compare to?

6 Q It's about 1/10 of the water rate, as I --

7 A Now, that's interesting. Thank you.

8 Q And that is something that you think would be
9 beneficial to someone in your situation?

10 A Of course.

11 MR. WHARTON: That's all we have.

12 MR. REETHOF: I'm very glad that you tell us
13 that.

14 UNIDENTIFIED SPEAKER: How many years down the
15 road?

16 MR. REETHOF: I'm sorry. How long will it be
17 before it gets there? Is that okay?

18 COMMISSIONER JACOBS: That's fine, thank you.

19 MR. WHARTON: You know, I'm not sworn is the
20 problem.

21 COMMISSIONER JACOBS: I think, we can -- if, at
22 the break, one of our Staff will give you what's been
23 proposed.

24 MR. REETHOF: Okay.

25 COMMISSIONER JACOBS: That decision isn't final

1 yet, but we can give you what's been proposed.

2 MR. REETHOF: But, Commissioner, you're aware of
3 the fact that that has been proposed?

4 COMMISSIONER JACOBS: Yes, we are.

5 MR. REETHOF: And you believe it is a viable
6 proposal?

7 COMMISSIONER JACOBS: You're good. Outside of
8 the context of this case, we've seen other proposals for
9 this concept called reuse and, in many instances, it has
10 proven to be a very viable proposal.

11 MR. REETHOF: Thank you very much.

12 COMMISSIONER JACOBS: Sure.

13 MR. SHREVE: Just to be clear, I believe, the 25
14 cents that's been proposed would be in addition to the 57%
15 increase to accomplish that; is that not correct?

16 COMMISSIONER JACOBS: I'm getting a nod from
17 Staff that that is correct.

18 MR. JAEGER: I guess, the way I would respond to
19 that is any revenues they get from reuse will reduce the
20 revenue requirement. That's what one of the proposals is,
21 whatever they get from use will reduce the revenue
22 requirement for wastewater also.

23 MR. REETHOF: But it is contingent on the 57%
24 increase?

25 COMMISSIONER JACOBS: We probably ought to let

1 you discuss that with Staff off the record. But I think
2 it's fair to say that one of the proposals that -- one of
3 the issues, I should say, that we have before us is
4 whether or not it's additive or not. And it could very
5 well be that it won't be additive of revenue. It will be
6 consistent -- it will be considered consistent with all of
7 its revenue requirements.

8 MR. REETHOF: Thank you, Commissioner.

9 COMMISSIONER JACOBS: Thank you.

10 MR. SHREVE: Thank you, sir.

11 (Witness excused.)

12 MR. SHREVE: Mr. Lane.

13 ERNEST LANE

14 was called as a witness on behalf of the Citizens of the
15 State of Florida and, having been duly sworn, testified as
16 follows:

17 DIRECT STATEMENT

18 MR. LANE: Let me preface my remarks by saying
19 that I've got a neurological condition that affects the
20 way I talk. So, if you have to have me repeat something,
21 feel free. But my name is Ernest Lane. I live at 1145
22 Hominy Hill Drive in New Port Richey. That's in Trinity.

23 And I'd like to, you know, sort of going
24 further, extending some of the remarks that some of the
25 other people made; first, when Representative Fasano

1 talked about the overall water quality, he didn't mention
2 water pressure, and that's still an unresolved issue.

3 And also, he spoke about impact fees. And I
4 don't know, although it doesn't necessarily matter to me,
5 but I don't know what point the impact fees are levied,
6 when the place is developed or when a property is sold.

7 And, for example, there is a big development of
8 Thousand Oaks that's going up over by Trinity Oaks, and
9 it's largely been developed. And the sewer systems are in
10 and so forth. So, if impact fees are only being raised a
11 little bit, and even if that guy paid a little bit of an
12 impact fee increase, it doesn't affect him, insofar as the
13 larger amount of development.

14 And all the time, we read articles in the paper
15 about new developments going up in eastern Pasco and
16 central and so forth. And so, basically, you know, some
17 things are getting away from me. Wal-Mart Super Center is
18 almost all built so, I presume, his impact fees have
19 already been paid, and that sort of thing.

20 And so, the longer you wait to levy larger
21 impact fees, the more houses are being built under the old
22 impact fees and the less gain can be made from raising
23 impact fees. In other words, if you quadruple impact fees
24 and every place is built out, it doesn't make a
25 difference.

1 My main subject is the use of water for
2 irrigation systems. Now, my situation is not atypical in
3 this area. It's just my wife and myself. Our home is
4 about 800 square feet, and we have a very small lot. We
5 live in a so called maintenance-free community.

6 COMMISSIONER JACOBS: I'm sorry, you said
7 maintenance-free?

8 MR. LANE: Yes. And that's another story.

9 Now, the average of the last four months water
10 bill for me was 10,990 gallons a month. Of that -- and
11 this -- I verified this on a couple of -- twice. 8,240
12 gallons go to the irrigation system, which is water that
13 doesn't go actually into the sewer system.

14 Now, unlike one of the persons that spoke
15 before, that's based on three zones, and seven minutes per
16 zone, once per week. I used four months, because I think
17 that's about the window we went to the water service, but
18 I'm not fully positive.

19 But anyway, because of the 10,000-gallon maximum
20 on the water, the water that goes into the sprinkler
21 system amounts to 83% of the sewer charge is water that
22 doesn't even go into the sewer. And, of course, if I
23 economize further on the water use inside of the house or
24 whatever or on a month when the water use is lower, that
25 percentage is even greater.

1 So, the impact, from my point of view, we're
2 just throwing water away, basically, or throwing money
3 away, paying for sewer, for the bulk of the water that we
4 don't use for the sewer system.

5 And you can do the math on all of the other
6 things. But like I say, 83% of my sewer charge is water
7 that does not go into the sewer. What I would like to
8 suggest is two things -- three things in this regard.

9 It was explained to me previously by our home
10 owners association president that, in fact, the two-water
11 option is available, as long as the guy does it. So, I'm
12 not quite sure where that stands. Having a separate meter
13 there would not be charged sewage fees and from there go
14 to the irrigation system and that's the way it would end
15 up, but the cost is somewhere in the \$700 to \$800 range,
16 depending on, I guess, who does the work.

17 I'd like to see, because a lot of people in this
18 area have irrigation systems that if Aloha is given a
19 significant raise in the sewer fee that they be required
20 to offer every home owner the ability to go to a
21 dual-meter system and they be required to do all the work;
22 not just to install a new meter, but also plumbing work
23 from the meter to the irrigation system. In other words,
24 they'd be required to provide a turnkey system for those
25 people that want to do that.

1 Secondly, and this may not be actually a PSC
2 requirement, but in my mind, all new homes that are being
3 constructed, must have dual meter systems. It makes no
4 sense, whatsoever, to do that and probably 95% or more of
5 the new homes being constructed do, in fact, have
6 irrigation systems built when they go up. And so, to me,
7 a dual meter system just makes sense.

8 And the third thing is if we go to a reused
9 water system which, I think, was discussed earlier, that's
10 all well and good. And if I only pay 25 cents for water
11 or 25 cents per thousand gallons, or whatever it happens
12 to be, but in order to do that I've got to pay \$1,600 or
13 some figure to get the reclaimed water system to my house
14 to begin with. That doesn't really do me a whole lot of
15 good.

16 So, you have to make sure, if you look at that
17 as some kind of huge benefit that, in fact, reused water,
18 there's some huge infrastructure costs there. And those
19 need to be borne by Aloha and not the individual user.

20 And that's about it.

21 COMMISSIONER JACOBS: Any questions?

22 CROSS EXAMINATION

23 BY MR. WHARTON:

24 Q Sir, let me just ask you a question about what
25 you're referring to and what some other witnesses have

1 referred to as the impact fee. Are you aware that it's
2 Aloha's position, as reflected in the prehearing order in
3 this case, that Aloha's impact fees, for lack of a better
4 phrase, should be set at the maximum authorized by
5 Commission rule?

6 A No, I'm really not aware of that. I don't
7 follow the impact fees at all. But I do know that I got
8 an impression from some of the conversation earlier
9 between Fasano and yourself that perhaps the impact fees
10 were not going to go as high as he would think they ought
11 to go or whatever. And it's almost like a moving target.
12 You've got to get it before all the houses are built or
13 all the construction fees are levied or whatever. I mean,
14 you lose time.

15 Q So, you would support Aloha's position if, in
16 fact, it is that those fees should be set at the maximum
17 authorized by Commission rule?

18 A Sure.

19 MR. WHARTON: Okay. That's all we have.

20 COMMISSIONER JACOBS: That's all?

21 Staff?

22 MR. JAEGER: No questions.

23 COMMISSIONER JACOBS: Thank you.

24 MR. LANE: Thank you.

25 (Witness excused.)

1 MR. SHREVE: Mr. Linwood Oberg.

2 LINWOOD OBERG

3 was called as a witness on behalf of the Citizens of the
4 State of Florida and, having been duly sworn, testified as
5 follows:

6 DIRECT STATEMENT

7 MR. OBERG: Thank you for having me. My name is
8 Linwood Oberg, O-B-E-R-G. I live at 7851 Craighurst Loop,
9 New Port Richey 34655, and it's in the Wyndgate
10 development.

11 We have our own system for the lawns, and
12 there's nothing to do with the sewers at all. We don't
13 get the water from Aloha to water our lawns. It looks
14 like we're going to have to pay through the nose for the
15 wastewater. We really pay doubly for water. We pay for
16 the water we get from Aloha, and we pay for the water we
17 can drink and use to cook with. So, what are we getting?
18 We're getting wastewater, and it's going out as
19 wastewater, and that's not fair.

20 I can still afford some of this raise in cost,
21 but there's a lot of people that can't afford that.
22 They're living on a very low income. Now, let's face it,
23 you've got to look at all aspects of it. Come on, give us
24 a break. If Aloha can't do the job, shut off their
25 franchise. Let the public buy it. It's public. You're

1 talking about our health, our welfare. They're talking
2 about things we have to ingest and get rid of, one way or
3 the other.

4 Please, use all your power that you've got to
5 make this thing right. Profits are not necessary for our
6 health. First is our health then, if they can make some
7 profit, that's great. But they don't need to make a
8 tremendous amount of profit off our backs.

9 I'm a tax payer and, believe me, the taxes are
10 very high. Thank God I can still do it. I'm
11 octogenarian. I'm in my 80s, 81 shortly; in fact, three
12 days. Do you have any questions? Oh, by the way, I agree
13 with everything that's been said, everything. Go ahead.

14 COMMISSIONER JACOBS: Mr. Wharton.

15 MR. WHARTON: I don't have any questions.

16 COMMISSIONER JACOBS: Thank you very much.

17 MR. OBERG: Thank you.

18 (Witness excused.)

19 MR. BURGESS: Mrs. Walker, Debra Walker.

20 DEBRA WALKER

21 was called as a witness on behalf of the Citizens of the
22 State of Florida and, having been duly sworn, testified as
23 follows:

24 DIRECT STATEMENT

25 MS. WALKER: Good afternoon. My name is Debra

1 Walker, W-A-L-K-E-R. I reside at 4648 Dumont Street, New
2 Port Richey. That's in the Cypress Lakes subdivision.

3 I received this notice from Aloha indicating
4 that they're going to have a meeting today about the
5 wastewater increase, that they're looking for 52%, 57%. I
6 just want to state that I am opposed to any increase that
7 Aloha is asking for. I've been a resident of Cypress
8 Lakes for a little bit over a year. This is my first --
9 I've lived in Pasco County for nine years. This is the
10 first time I've ever had Aloha water.

11 We do flush our toilets, we do pay the
12 wastewater fee. My family does not drink the water. I
13 have four in my family. I'm a little nervous. We buy the
14 bottled water to drink. I do not use the water to make
15 coffee. I bathe my children in the water. I have no
16 choice. We've replaced a faucet in our bathroom and also
17 in our kitchen, because of the corrosion from the water
18 that's been coming out.

19 We've had to replace our dishwasher and the
20 icemaker. If I soak items from my son's soccer games in a
21 bucket, I have to use bleach, because the black residue is
22 in the bottom of the bucket, if I don't. When I go to
23 brush my teeth in the morning, the water makes me sick to
24 my stomach.

25 Again, I oppose any increase that Aloha would

1 look for at this time. Thank you.

2 COMMISSIONER JACOBS: Thank you. Questions?

3 Thank you. No questions.

4 MS. WALKER: Thank you.

5 (Witness excused.)

6 MR. BURGESS: Mr. Lenahan.

7 ROBERT LENAHAN

8 was called as a witness on behalf of the Citizens of the
9 State of Florida and, having been duly sworn, testified as
10 follows:

11 DIRECT STATEMENT

12 MR. LENAHAN: Good morning. My name is Robert
13 Lenahan, that's L-E-N-A-H-A-N. I live at 1050 Daleside
14 Lane in New Port Richey. It's in the Wyndtree
15 subdivision.

16 I've been here for six years and have been a
17 customer of Aloha for that time. And, I think, someone
18 prior to me used the word that I think of when I think of
19 Aloha, and that is arrogance. They treat their customers
20 with a great deal of arrogance. And it's pervasive. You
21 can see from the rate increase of 57%, which is an
22 outrageous figure down to the people in their offices when
23 you go there to try to get a little bit of business done,
24 and they're rude.

25 Now, I recognize that in this system of public

1 utilities we are, essentially, giving a company a
2 monopoly. And when you deal with a monopoly, one of the
3 things that suffers is service and customer
4 responsiveness.

5 Now, we depend upon the Public Service
6 Commission to protect our interests. So, that's why we're
7 all here today, because we think Aloha is treating us
8 unfairly. A 57% rate increase can be justified by some
9 very clever accounting.

10 I can't comment on it. I have no complaints
11 about the wastewater service. My sewers work. The
12 toilets flush, it's gone. I have a great deal of
13 complaint about the quality of the water that comes to me.

14 Now, it's impossible for me, as a customer of
15 Aloha, to divorce the wastewater and the water service
16 from one another. I have to consider them as one entity.
17 When one entity is providing me with poor service, I don't
18 know why I should pay a 57% rate increase to the other
19 side of that same entity.

20 It's bewildering to me to understand how Aloha
21 can continue to be indifferent to their customers.
22 Obviously, it's the all-mighty buck, they're trying to
23 make money. Now, there's nothing wrong with making money.
24 I was a businessman myself, but I was constantly aware of
25 my customers and providing them with good service, because

1 if I gave them good service, they gave me more business.

2 And I would like to think that the Public
3 Service Commission would represent the people of this area
4 and recognize that we do not feel that Aloha is somebody
5 we would ever do business with, if we had any other choice
6 in the matter. Thank you.

7 COMMISSIONER JACOBS: Mr. Wharton?

8 MR. WHARTON: No questions.

9 MR. LENAHAN: Thank you.

10 COMMISSIONER JACOBS: Thank you.

11 (Witness excused.)

12 MR. BURGESS: Mr. Wood, Edward Wood.

13 EDWARD WOOD

14 was called as a witness on behalf of the Citizens of the
15 State of Florida and, having been duly sworn, testified as
16 follows:

17 DIRECT STATEMENT

18 MR. WOOD: My name is Edward Wood. I live at
19 1043 Daleside Lane, New Port Richey.

20 I agree with everything that has been said
21 before me. I would just like to expand on it a little
22 bit. I'll start off with a little story that happened
23 within the last couple of days.

24 I arrived home on Friday afternoon at about
25 4:30. When I went up to my door, the first thing I found

1 was a letter sent to me by Mr. Jaeger on August the 8th
2 laying on my front porch. And it talks in there about
3 docket number 960545 in relation to a letter that I had
4 written to him, but it only sat there for, what, eight
5 weeks?

6 The next thing I ran into was the notice of the
7 meeting that is here today. I hadn't even gotten in my
8 house yet. I went in the house, and I turned on the
9 water. And I would just like to show you what I got.
10 Would you like to see this? Would any of you like to
11 drink it? I suggest that somebody drink it.

12 It took me, approximately, two hours to clean up
13 the plumbing in my house after I drained the various units
14 in the house. It took me almost 45 minutes to clean the
15 bathtub, because of that crap, and that's all it is. I
16 figured when I read the notice here about wastewater, I
17 was getting reused water in my house. What's the
18 difference? It's reused.

19 Then, the next thing I found was the notice in
20 "The Plain Dealer" about the meeting here. So, about this
21 time, I figure it's an omen that I must come here today.
22 I just came from Ohio, and I did a similar set of events
23 in Ohio.

24 On July 13th, I walked into my condo, turned on
25 the water, and drank it. I have, in Ohio, a Rheem water

1 heater, copper pipes; I have here in New Port Richey a
2 Rheem water heater and copper pipes. What is the
3 difference? Aloha. They are the birds.

4 The first item, I didn't realize how much
5 information that there was -- should have been spread out
6 on this before such a meeting that the home owners would
7 have an opportunity to talk about some of this, but as I
8 read your prehearing memo, there are 43 items in it.

9 The first item, customer satisfaction. And the
10 positions; Aloha, their customer satisfaction is great.
11 The OPC couldn't determine until they heard the customers.
12 Of course, they heard the customers. This is at least the
13 fifth hearing that I have been at, and the Staff couldn't
14 say anything regardless of what it is. And my position is
15 customer satisfaction and service, as far as Aloha
16 Utilities goes, is subzero, totally unsatisfactory.

17 Now, I wrote you the letter that covered, once
18 again, docket number 960545, but you chose to ignore it.
19 I don't know how, when you get 100 people in this room,
20 that you can ignore all of the things that they have to
21 say and listen to two or three witnesses, so-called
22 experts. They get a chance to rebuttal everything that
23 we're supposed to say, but we never get a chance. And
24 that was very evident in docket number 960545.

25 Is the rate that Aloha is asking for a shield

1 and a disguise for a water rate increase? I read on page
2 2 of your prehearing order that currently their income
3 from revenue of water is \$2,046,000. And after the
4 increase goes through, it's \$2,568,000. Isn't that a
5 water rate increase buried in the 57%?

6 Has the PSC done an independent audit without
7 Aloha's input of their accounting procedures? I don't
8 pretend to be an accountant, or anything like that, but I
9 know that you can fancy up the books and accounts any way
10 you want them. And basically, as I go through this
11 prehearing order, every time it comes to accounts, I see a
12 complete difference between Aloha, the PSC, and the OPC.
13 Somebody is wrong.

14 My next question is, and I think it was kind of
15 answered here a little earlier, why is Aloha vacating the
16 current property? I realize that in your preordered
17 hearing, this is going to be a private hearing in
18 Tallahassee on November 2nd. Is that being held up there
19 because all of these people can't attend?

20 My way of thinking is yes. Why are they being
21 vacated? Why are they being kicked out of their current
22 location? Why do they have to build a building for
23 \$750,000? Is that building going to be built on the
24 property next to their wastewater plant where it's zoned
25 for apartment buildings so that we get another sweet

1 investment of which the people who pay for it will get no
2 return?

3 In Pasco County, Holiday, and in the rural area,
4 there are literally hundreds of buildings that are
5 available of the size that Aloha could move into and
6 probably at a cheaper rate than they're paying today. Not
7 being in the real estate business, I can't tell you what
8 they are renting for. I do not understand why the current
9 customers are paying so Aloha can expand their business.
10 I do not understand that at all. Why do we have to pay so
11 that they can increase profit over the future?

12 My next question is there seems to be a big
13 difference between the Staff, OPC, and Aloha over does
14 Aloha have excess infiltration and inflow? Aloha says
15 yes, the Staff says I don't know, and the OPC says yes.
16 Something like that, I would think, would be left to an
17 independent engineer to determine, someone who has no
18 interest in the OPC, PSC, Aloha, or anybody else that is
19 involved.

20 And issue number four, when they want to
21 recapitalize something they've already expensed off, is
22 that not double dipping? To me it sure seems like it.

23 Another thing I don't understand, why is the
24 excessive working capital buried in CDs? I thought
25 working capital was just that, working capital. If you've

1 got enough working capital buried in CDs, I would think
2 you've got an excessive income. I think that needs real
3 looking into.

4 What I don't understand is that we're supposed
5 to put together this test year, and we get all kinds of
6 differences of opinion on it. I don't understand why we
7 would. I don't understand why we haven't got a method of
8 company -- I don't know how long they've been in business,
9 but I presume they've been in business for a long time,
10 that does not have a forecasting system. I don't know of
11 a major corporation that doesn't.

12 And as one of the witnesses said before, you
13 read every day in the paper what happens to some
14 forecasts; some are good, some are bad. But if you have a
15 good forecasting system, you pretty well hit it right on
16 the money.

17 My next question, why is the golf course and the
18 Mitchell Ranch receiving free water? Right in the back
19 page, second to back page, it reads, "Mitchell property,
20 no rate." We, the customers, are paying for that? I
21 think something ought to be done about that, or is this
22 another little buddy-buddy deal, which seems to be the way
23 we play the game here.

24 Why should I be the person who has to pay for
25 Aloha not doing their marketing job? If reclaimed water

1 is what is supposed to be their product, and it looks like
2 it, if you looked at the water coming out of my tap, why
3 don't they have a marketing plan to get the customers and
4 it be their expense at a profit in order to increase their
5 business? Every major corporation has that today. You
6 won't find, in my opinion, many or any that don't.

7 We talked about a couple of positions at -- I
8 didn't, you did -- a couple of positions in one of the
9 issues at the prehearing. One was the salary of the vice
10 president, which is that the vice president was making as
11 much as the president. Of course, you don't say those
12 things in there. Then, I would say it is exceptionally
13 excessive.

14 The other one is we hired a comptroller, but we
15 also have an outside accounting firm. Why? Comptrollers
16 that I know see that the accounting work is done. The
17 excuse that the person that was hired as the controller
18 wasn't familiar with the water business is ludicrous.
19 They hired the wrong person or maybe it was a relative.

20 I keep going back to the new building. Why,
21 with all the property that is available in Pasco County?
22 In reviewing the prehearing, there are many issues in
23 there that no staff person is going to testify to. Does
24 that mean that you're going to buy the utility's testimony
25 on those items? Where is the staff person that should be

1 doing their job on that?

2 It is my understanding, as several other people
3 have said before me, the Public Service Commission exists
4 as a protector of the citizens and the customers of the
5 utilities. The state created a monopoly. And somebody
6 has to look after it, not to cuddle it, but to regulate it
7 and see that they're doing the job they are supposed to be
8 doing. In the case of Aloha, I don't see that happening.

9 We went for four years on this case, 960545,
10 that started out as a rate case and ended up in whatever
11 it was. But did the customers get anything? No, not a
12 thing. What did the customers put into this? They just
13 got out of it a lot of black water.

14 We moved here four years ago. I heard testimony
15 from Aloha on the tapes that are in your dockets that they
16 put their treatment system together to take care of the
17 black water in January of 1996. No water ran in my house
18 until April of 1996.

19 All that tells me is their treatment system was
20 for the birds. I should not have one bit of black water,
21 if the sales job they did to the DEP was worth the paper
22 it was written on. Four years later, it just keeps
23 getting worse.

24 In my opinion, I believe that the best thing, as
25 one of the previous witnesses said, that the Public

1 Service Commission could do, is revoke the franchise that
2 Aloha Utilities has. I believe, if time permitted, and I
3 know I've taken a lot of time, I could go through each and
4 every issue that is in the prehearing and probably, with
5 the customer's viewpoint, challenge each and every one of
6 them.

7 I also believe, as a result of this letter, the
8 Public Service Commission is not going to do much here
9 today. When I went through 96045, I saw Aloha's name on
10 probably about 2/3 of all the pages. I didn't see the
11 testimony of one witness out of the hundreds that came
12 here or over on 19 to the Clarion. I don't think, the way
13 this thing is structured, that the Public Service
14 Commission really cares about the citizens of Florida who
15 are paying your salaries.

16 Thank you.

17 COMMISSIONER JACOBS: Before you leave, Mr.
18 Wood, I think, we have some questions. You posed some
19 important questions, and I won't take the opportunity now
20 to give you specific responses to any or all of those. I
21 do have some that I want to address with you, but be
22 assured, that each of those questions that you've raised
23 or you've cited, rather, in the prehearing order, those
24 are issues that we will absolutely evaluate and resolve in
25 our final decision in this docket. So, none of them will

1 be left unanswered.

2 There were a couple of particular points that
3 you raised, one having to do with the ability of the
4 customers to have an opportunity to rebut the questions of
5 witnesses. That is a primary role that public counsel has
6 here and to pose questions to those witnesses, by any
7 party, not only the company. So, they will have that
8 role, and I'm sure they'll be looking very much to assert
9 some of the questions that you may have raised.

10 MR. WOOD: May I comment on that? In 96045 or
11 545, there were several statements made by Aloha that were
12 very questionable as to their truth.

13 COMMISSIONER JACOBS: That was your statement?

14 MR. WOOD: Yeah. I, as a citizen, wrote a
15 letter to the Public Service Commission, and you chose not
16 to do anything with it. That's what this response is.

17 COMMISSIONER JACOBS: Well, let me be very
18 clear. The fact that someone makes a statement or
19 assertion does not mean that it carries -- does not
20 connote the amount of weight it carries in our decision.
21 That can only be determined when we make our decision, and
22 that's very important. That's a very important point.
23 The fact that a witness or anyone makes a statement that
24 may, for the moment, go unchallenged, does not, in any
25 way, convey the weight that that statement will have on

1 our final decision.

2 And I would urge you to monitor our process and
3 make sure we hold true to that. But my experience with
4 the Commission is that we very much hold true to that,
5 giving every statement as proper weight.

6 As to the location of the hearing, of the second
7 hearing, on the issues regarding the office complex, I
8 don't know that there's any particular relevance to the
9 fact that it is located in Tallahassee. It is our office,
10 it's our general office space, so the convenience of that
11 is probably the reason that's most at heart there.

12 I can guarantee you, though, if there is a need
13 for input, you'll have that, that you'll have the
14 opportunity for that input. And again, it will be
15 available. And in regards to today, I failed to mention,
16 we are today being broadcast over the Internet.

17 And at that meeting, we'll expect that you'll be
18 able to monitor that meeting again over the Internet and
19 offer -- while you won't be able to offer directly any
20 input, feel free to let us know in writing your views on
21 the issues.

22 MR. WOOD: Again, in 960545, there was supposed
23 to be a telephone conference at the Clarion Hotel. It
24 never happened.

25 COMMISSIONER JACOBS: I'm not familiar with the

1 facts surrounding that. I can tell you, though, that --

2 MR. WOOD: This was on your second meeting in
3 Tallahassee.

4 COMMISSIONER JACOBS: If it was having to do
5 with the Internet --

6 MR. WOOD: It had nothing to do with the
7 Internet. This was supposed to be a conference call.

8 COMMISSIONER JACOBS: Okay. I can't speak to
9 that. We're not dealing with that docket at this point.
10 What I'm speaking to is as a general matter of practice
11 now, the Commission's proceedings are made available over
12 the Internet for the public to monitor. And that will be
13 something totally different, it sounds like, from what you
14 were saying.

15 Some of the other issues you raised again,
16 particularly with regard to reuse and those issues, I
17 can't speak to those, because we'll have to take the
18 evidence and make our decisions based on that, but rest
19 assured that we will do that. And having said that, I
20 think there were some questions on cross examination.

21 CROSS EXAMINATION

22 BY MR. WHARTON:

23 Q Sir, do I correctly understand your testimony
24 that you believe it would be the better course of action
25 if, for the purposes of relocation, Aloha did not build a

1 new building, but rather purchase an existing property?

2 A I didn't say purchase. There is buildings for
3 rent. And since they rent now, why can't they rent in the
4 future?

5 Q But you believe that the most expensive course
6 of action for Aloha would be to build a new building?

7 A I believe that to ask the customers to build
8 Aloha a new office is ludicrous.

9 Q Are you aware of the fact that in this case
10 Aloha is not proposing to build a new building?

11 A All I know is Aloha is asking for \$757,000.
12 It's a lot of money.

13 Q You don't know whether or not that's to build a
14 new building or not?

15 A It says to build a building.

16 Q Does that mean that it's your understanding that
17 it's to build a building?

18 A Probably is.

19 MR. WHARTON: That's all we have.

20 MR. JAEGER: No questions.

21 COMMISSIONER JACOBS: Thank you very much,
22 Mr. Wood.

23 MR. SHREVE: Thank you.

24 COMMISSIONER JACOBS: Mr. Shreve, how many more
25 notices do you have?

1 MR. WOOD: Can I have one more statement?

2 COMMISSIONER JACOBS: Briefly.

3 MR. WOOD: There was a federal program that was
4 initiated in 19 --

5 COMMISSIONER JACOBS: Could you speak into --

6 MR. WOOD: A federal program that was initiated
7 in 1989, if the states get involved to loan money to
8 people like Aloha at anywhere from zero to 4.6% to cover
9 better wastewater treatment. The state of Florida has
10 fallen on its face, because it does not participate.

11 COMMISSIONER JACOBS: Thank you.

12 (Witness excused.)

13 COMMISSIONER JACOBS: Eight more, you said?
14 Okay. Why don't we take about a 5-minute break for the
15 court reporter, and we'll come back and finish those up
16 before lunch.

17 (Brief recess.)

18 COMMISSIONER JACOBS: We'll go back on the
19 record for completion of customer testimony. Next
20 witness.

21 MR. BURGESS: Mr. and Mrs. Schermerhorn.

22 MR. SCHERMERHORN: Just mister.

23 MR. BURGESS: Mr. Schermerhorn.

24 MR. SCHERMERHORN: First of all, I slipped there
25 when you swore people, and I'm not sworn. Would it be

1 appropriate to do that?

2 COMMISSIONER JACOBS: Would you stand and raise
3 your right hand?

4 JIM SCHERMERHORN

5 was called as a witness on behalf of the Citizens of the
6 State of Florida and, having been duly sworn, testified as
7 follows:

8 DIRECT STATEMENT

9 COMMISSIONER JACOBS: Please be seated. Can you
10 give us your name, please, for the record?

11 MR. SCHERMERHORN: My name is Jim Schermerhorn,
12 S-C-H-E-R-M-E-R-H-O-R-N. I live at 2512 Lamplighter Drive
13 in New Port Richey. And that is Country Place Village.

14 My sole purpose for coming this morning, it's a
15 new situation for me. We've been in this home for two
16 years, not used to dealing with a private utility, and not
17 used to dealing with water meters.

18 And the reason that I'm here is that I have a
19 new lawn that was put in two years ago, and I'm required
20 by my arrangement with the home owner to -- the park
21 owner, to maintain that lawn. I'm required to maintain an
22 irrigation system and water it, as it needs, consistent
23 with the county restrictions.

24 So, I do that once a week. And that requires
25 between 7 and 800 gallons of water. Multiply that out the

1 end of the month, 3,200 gallons of water that go on my
2 lawn are built into the bill for my sewer.

3 I'm not too happy about that, but I understand
4 that it's done as a percentage of the total bill. And I'm
5 a lot more unhappy about the idea of having that rate
6 increase substantially. That's my sole purpose in being
7 here, and my sole concern.

8 COMMISSIONER JACOBS: Very well. Any questions?

9 MR. WHARTON: No questions.

10 COMMISSIONER JACOBS: Thank you.

11 MR. SCHERMERHORN: Thank you.

12 (Witness excused.)

13 COMMISSIONER JACOBS: Next witness.

14 MR. BURGESS: Mr. Serenita.

15 COMMISSIONER JACOBS: Mr. Serenita? I don't see
16 anyone approaching.

17 MR. BURGESS: Mr. Rifkin.

18 CHARLES RIFKIN

19 was called as a witness on behalf of the Citizens of the
20 State of Florida and, having been duly sworn, testified as
21 follows:

22 DIRECT STATEMENT

23 MR. RIFKIN: My name is Charles Rifkin,
24 R-I-F-K-I-N. I live at 1416 Davenport Drive in Trinity,
25 Florida, 34655.

1 I am also vice president of Chelsea Place Home
2 Owners Association. And I was asked, if I was going to be
3 here, to also speak for the rest of the people in Chelsea
4 Place. And I got the same message from everybody in
5 Chelsea Place about the waste of water that Aloha is
6 doing, and they are saying that they are trying to
7 conserve water.

8 Well, if they were trying to conserve water,
9 then how can they turn around and open up fireplugs every
10 day all around Chelsea Place and God knows where else, and
11 just flush thousands and thousands of gallons of water
12 down the drain? Is that also for why they're getting the
13 rate increase, to help pay for all that water, too?

14 Also, all my pipes are starting to leak inside
15 my house. They have already broken through a wall to try
16 and get to a pipe, they have broken through the concrete
17 in the garage area, inside the house, around the kitchen
18 area, where they had to go down underneath the slab in
19 order to repair the pipes that are leaking. And this is
20 all from Aloha water.

21 I have been to all the meetings that they had in
22 Tallahassee. I've been doing it for the past six years.
23 I think, it was five of us that went to Tallahassee when
24 the other meetings where we had asked Aloha different
25 questions and everything. I have yet to get an answer

1 from anybody.

2 I also asked Mr. Watford there whether or not he
3 would come to my house, if I was to write him a letter or
4 something. And he said, yes, he would. Do you remember
5 that? But you said you couldn't answer me at the time. I
6 have sent you a notice every month for the past five
7 years, and I have yet to hear from you.

8 On the back of my bill that I pay every month,
9 on the back of it, it says, "Dear Mr. Watford, I am still
10 paying for dirty, stinking black water, and now my pipes
11 are leaking, but I still haven't heard from you."

12 I had Dave Porter out at my house. That's this
13 engineer over here. And he says, "You know, you've got
14 one of the dirtiest waters in Chelsea Place." That was
15 the end of it. He left. I have never heard from nobody.
16 I want to know are they going to do anything about this or
17 do I just have to keep on paying for the raised rates and
18 everything else?

19 And as far as them relocating, well, there's not
20 that many people here now, but I'm sure if I was to ask
21 every one of them in here, if they would be willing to pay
22 for his movements and for his new building and everything
23 else, I'm sure they would all agree what that would be for
24 to move out of the state of Florida and let somebody else
25 take over the water utilities.

1 And that's all I have to say.

2 COMMISSIONER JACOBS: Thank you. Any questions,
3 Mr. Wharton? Staff? Thank you very much.

4 (Witness excused.)

5 MR. BURGESS: Ms. Reading, Patti Reading.

6 COMMISSIONER JACOBS: Ms. Patti Reading? No one
7 is approaching.

8 MR. BURGESS: Mr. Maleska.

9 COMMISSIONER JACOBS: Mr. Maleska?

10 MR. BURGESS: Mr. Edmund Maleska.

11 COMMISSIONER JACOBS: He must have left. No one
12 approaching.

13 MR. BURGESS: Okay. Commissioner, Mr. Maleska
14 left something that he would like to have considered by
15 the Commission. It is physical evidence, along with a
16 statement describing what it is. It is two jars
17 containing water and residue. And it is also each jar
18 being labeled and, in addition to that, a statement of a
19 couple of pages by Mr. Maleska.

20 He had spoken with Commissioner Jaber before,
21 and she suggested that the best approach is for him to --
22 is for this to be presented on the record so that there
23 would be a record of it and then, perhaps we can get an
24 exhibit number for this exhibit.

25 COMMISSIONER JACOBS: We'll mark it now. Again,

1 noting --

2 MR. WHARTON: Are we talking about, like, a
3 two-page statement that is testimony?

4 MR. BURGESS: Why don't I allow Mr. Wharton to
5 take a look at it.

6 MR. WHARTON: Thank you.

7 You know, just -- Commissioner, I feel that I
8 must object, not only based on the standing objection, but
9 there is no opportunity to cross examine something that is
10 done in absentia on that basis. We would object.

11 COMMISSIONER JABER: Commissioner, I think that
12 in the past what we've done with those consumer
13 correspondence letters is put them on the correspondence
14 side of the file.

15 Mr. Wharton, for the record, this customer came
16 up to me during a break and handed me that. And, I think,
17 that discussion is more appropriate for the record.

18 MR. WHARTON: Okay.

19 COMMISSIONER JABER: So, all I really had in
20 mind was to somehow put that letter in the docket file,
21 perhaps on the correspondence side is the appropriate
22 action.

23 MR. WHARTON: And there's some kind of
24 documentation in there that, Commissioner, will reveal his
25 name and address?

1 MR. BURGESS: His name and address is further
2 revealed on the request for speaking today or on the
3 appearance files that they fill out.

4 COMMISSIONER JACOBS: So, we have an appearance
5 record for him?

6 MR. BURGESS: Yes.

7 COMMISSIONER JACOBS: Okay. That sounds like a
8 reasonable -- is to take the written statement and put it
9 into the correspondence side of the file.

10 MR. BURGESS: I agree.

11 COMMISSIONER JACOBS: In terms of the actual
12 specimens, my view on that is that in this docket I don't
13 know that that's relevant evidence.

14 MR. BURGESS: At this point, I was looking to
15 identify it; one, I was looking to place something on the
16 record of identifying that this was a witness who came
17 forward, and then was compelled to leave.

18 COMMISSIONER JACOBS: Okay.

19 MR. BURGESS: And he had something to address
20 the Commission with and that he further, besides his oral
21 statement, he had physical evidence that he wanted the
22 Commission to at least be aware of.

23 I don't know, necessarily, that it's something
24 that needs to be taken into custody and recognized as an
25 exhibit, but perhaps just something for observation by the

1 Commission.

2 COMMISSIONER JACOBS: Okay, very well.

3 COMMISSIONER JABER: And Chairman Jacobs, if I
4 could ask Staff to just write back Mr. -- what was his
5 name?

6 MR. BURGESS: Maleska, M-A-L-E-S-K-A.

7 COMMISSIONER JABER: That we, in fact, have done
8 that, that we have inserted his letter on the
9 correspondence side of the file. And make sure,
10 Mr. Jaeger, that the parties get copies of your
11 correspondence.

12 COMMISSIONER JACOBS: Great. If Staff will
13 follow through on that, very well.

14 MR. BURGESS: And at this point, I have it at
15 the court reporter's desk. I don't know as far as,
16 perhaps, at the break, we could take a look at the
17 physical evidence, along with counsel from Aloha.

18 COMMISSIONER JACOBS: We'll leave it there for
19 now.

20 MR. BURGESS: I have Mr. and Mrs. Rosin, Jerry
21 and Anne Rosin.

22 COMMISSIONER JACOBS: Jerry and Anne Rosin? No
23 one's approaching.

24 MR. BURGESS: I have Mr. Shepherd. Mr. William
25 Shepherd.

1 COMMISSIONER JACOBS: Mr. William Shepherd. No
2 one's approaching.

3 MR. BURGESS: And unless I have, inadvertently,
4 left anyone out, that's all the names that I have that
5 have signed up and asked to address the Commission.

6 COMMISSIONER JACOBS: Okay. Is there anyone
7 here who did not sign up in advance, but who would like to
8 address the Commission to give customer input on the
9 wastewater system?

10 Let the record show that no one has indicated a
11 desire to address the Commission further on customer
12 input. And with that, that would bring to a close the
13 morning session of our customer input.

14 Mr. Wharton, you had a question?

15 MR. WHARTON: Commissioner Jacobs, at this time
16 we would ask to be allowed to submit a late-filed response
17 to customer concerns, as is customary in these types of
18 cases.

19 COMMISSIONER JACOBS: That has been done before.
20 Any questions or concerns, Staff?

21 MR. JAEGER: It's become quite controversial, in
22 this case. As you noted, Mr. Wood was -- he wanted to be
23 able to respond to the late-filed, which is not -- which
24 I'm not sure how -- generally, OPC can respond to the
25 late-filed, but it is standard that the utility gets to

1 file a late-filed exhibit, we identify it now, and set a
2 time for them to have it in. That's generally the
3 procedure.

4 COMMISSIONER JACOBS: Let's follow that process.
5 And if I can ask public counsel, if you would communicate
6 with Mr. Wood, I assume, in your normal due course, if
7 you've done that before, to make sure he's aware at least
8 of what's been filed in response to his question, at
9 least.

10 MR. BURGESS: Commissioner, as I understand it,
11 the origin of this was more a matter of the Commission
12 expecting the utilities to follow up with complaints that
13 were raised; that is, to satisfy the Commission that
14 individual circumstances that called for a specific action
15 on the part of the utility that the utility met its
16 obligation in that regard.

17 My concern is that anything is later submitted
18 by the utility and used as some type of rebuttal on the
19 issue of service is something that troubles me,
20 particularly if it comes into the record without any
21 opportunity to be challenged, and that's what bothers me.

22 We have a specific issue on quality of service,
23 and we have the company with the opportunity to provide
24 any testimony it wants to at the outset or before the
25 Commission, before the customer statements, but I am

1 troubled if after everyone's gone and everyone has left
2 and the customers aren't available to refute it, if it
3 turns into something where a company avails itself of an
4 opportunity to bring in testimony that's then relevant to
5 the issue of whether the allowed return on equity should
6 be effected as a result of service.

7 And if they have the last word, so to speak,
8 without any opportunity for any other challenge then, I
9 think, it's particularly troubling. So, it depends on the
10 purpose for which it's used, I guess, is our position.

11 MR. WHARTON: Commissioner Jacobs, I guess --
12 first of all, I acknowledge there are legitimate
13 procedural questions here. But there are legitimate
14 procedural questions really raised by this type of
15 presentation of evidence in a case where everything else
16 is prefiled.

17 Our perspective is that this traditional
18 procedure speaks exactly to the void Mr. Burgess has
19 raised. You've got all this testimony, and we don't get a
20 chance to respond. I seriously doubt you want our
21 witnesses to go live this afternoon or tomorrow.

22 I mean, I would offer, as a compromise, and to
23 perhaps postpone this issue for another day, because I
24 think there are legitimate procedural questions about it,
25 that we'll respond -- give us some opportunity to respond

1 to this live on November 4th, and then we can be subject
2 to cross examination.

3 But right now, in terms of no chance to respond,
4 that's exactly the place we find ourselves in. If someone
5 says the pump station was stinking, and you came out and
6 put a cap on there, we ought to be able to file something
7 saying this is why we put the cap on there, and it had
8 nothing to do with oath. Right now it's hanging out
9 there.

10 COMMISSIONER JACOBS: What I understand, the
11 concern can be addressed effectively. Let's follow the
12 traditional process which, as I understand it, is that you
13 simply respond to the customer's concerns in an
14 informational mode. It is not offered to prove an issue,
15 other than respond to the issues; is that correct?

16 MR. WHARTON: Let me put it this way. It is
17 responsive to the testimony of the customers in an
18 evidentiary fashion. But I don't deem that anything we've
19 heard today is expert testimony and is, therefore, opinion
20 testimony. So, it's not going to go off into return on
21 equity or whatnot, because nobody's been qualified as an
22 expert to testify today. But if they said A, the response
23 will say it's our position that it's B.

24 COMMISSIONER JACOBS: Staff?

25 MR. JAEGER: Commissioner, I think, what we're

1 saying here, this late-filed exhibit that we have
2 traditionally allowed really does serve two purposes; one,
3 it was, you know, responding to the customer complaint, as
4 Steve says. But two, everything else is prefiled. The
5 utility doesn't know what the customers are going to do.
6 And so, they can't prefile rebuttal to any customer
7 testimony. This is a type of rebuttal, evidentiary, that
8 we have allowed the utility, because of their handicap of
9 having live customer testimony and not being able to
10 respond live.

11 COMMISSIONER JACOBS: What about public
12 counsel's concern about it being -- perhaps, needing to
13 file surrebuttal?

14 MR. JAEGER: I think, the Commission, I think,
15 when fairness dictates, they can't allow surrebuttal, if
16 what the utility files raises that.

17 COMMISSIONER JACOBS: Okay. We won't preclude
18 or foreclose the prospect of that for the moment. We'll
19 follow traditional procedure, have the late-filed filed,
20 and if you feel the need to address the issue at that
21 time, we'll deal with at that time. Does that seem
22 reasonable?

23 MR. WHARTON: Well, the concept of surrebuttal
24 kind of flips as does the burden --

25 COMMISSIONER JACOBS: I know. We can go on for

1 a long time.

2 MR. WHARTON: Right.

3 COMMISSIONER JACOBS: Let's see where you are
4 when you file your late-filed, then we'll go from there.

5 MR. JAEGER: When did you want the late-filed
6 filed by? When could we expect that?

7 COMMISSIONER JACOBS: If it can be done by the
8 4th, that would be great.

9 MR. WHARTON: It's a function of the transcript,
10 Commissioner.

11 COMMISSIONER JACOBS: I'm sorry. Say again.

12 MR. WHARTON: It's a function of us getting that
13 portion of the transcript. I would defer to the court
14 reporter who has her own schedule. I mean, if the
15 transcript could be out -- and I know she can't answer,
16 because we're talking, but if the transcript is out in 10
17 days, then it's very easy --

18 COMMISSIONER JACOBS: We'll say as early as
19 possible, but no later than November 2nd.

20 MR. JAEGER: The 2nd is the actual third day of
21 the hearing for that one special issue.

22 COMMISSIONER JACOBS: Beginning of the first day
23 of hearing is what I want, the first day of hearing in
24 that phase. What day is that?

25 MR. JAEGER: You're talking about the special

1 hearing is on November 2nd is the --

2 COMMISSIONER JACOBS: Is it too late to have the
3 deadline the first day of that hearing, so if they need to
4 do surrebuttal they can do it after that?

5 MR. JAEGER: Well, I think, you could probably
6 have it a lot earlier than that, because we're trying to
7 get --

8 COMMISSIONER JACOBS: Like I said, as early as
9 possible, but no later than. If you want to set an
10 earlier date, let's say, then October -- she said 10 days,
11 or we'll give them 10 days, minimum. So, a minimum, let's
12 say the 14th?

13 MR. WHARTON: Really, I said 10 days, but since
14 you're the Commissioner, I think, if you say 10 days, that
15 probably will be what happens.

16 MR. JAEGER: Commissioners, what we're doing,
17 depending on if we get the hearing done, we have set to
18 have the transcript back in 7 days and then maybe give the
19 utility 10 days from that.

20 COMMISSIONER JACOBS: 14th, then. Well, I
21 guess, the 16th, because the day is the 2nd.

22 MR. JAEGER: The 16th? Can you do it in a week
23 from the transcript?

24 MR. WHARTON: Yes.

25 COMMISSIONER JACOBS: 16th, it is.

1 MR. JAEGER: Okay.

2 COMMISSIONER JACOBS: Very well.

3 MR. WHARTON: And then, OPC will file
4 surrebuttal before the hearing, our request for it?

5 MR. BURGESS: I don't think -- Commissioner
6 Jacobs, I understood you not to have made that decision.
7 It would be something that we would --

8 COMMISSIONER JACOBS: We have not granted it or
9 denied it. We will take it up, if it's requested again.
10 I would assume we'll have a deadline, then.

11 MR. WHARTON: They'll look at what we filed, and
12 then act accordingly.

13 COMMISSIONER JACOBS: Okay. Anything else?
14 Okay. We'll recess for lunch. I have about 1:10 now.
15 Let's come back at about 2:10, and we'll go on the record
16 for the technical hearing.

17 Thank you.

18 (Transcript continues in sequence in Volume 2.)

19

20

21

22

23

24

25

1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTERS
3 COUNTY OF LEON)

4 We, KORETTA E. STANFORD, RPR, and TRICIA
5 DeMARTE, Official Commission Reporters,

6 DO HEREBY CERTIFY that the Hearing in Docket No.
7 991643-SU was heard by the Florida Public Service
8 Commission at the time and place herein stated; it is
9 further

10 CERTIFIED that we stenographically reported the
11 said proceedings; that the same has been transcribed under
12 our direct supervision; and that this transcript,
13 consisting of 113 pages, Volumes 1, constitutes a true
14 transcription of our notes of said proceedings.

15 DATED THIS 12TH DAY OF OCTOBER, 2000.

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

Koretta E. Stanford

KORETTA E. STANFORD, RPR
Official Commission Reporter
(850) 413-6734

Tricia DeMarte

TRICIA DeMARTE
Official Commission Reporter
(904) 413-6736